

ALASKA LEGISLATIVE COMMITTEES HOUSE 2002

1652 SJ BRISTOL BAY HEARINGS

Table 28 CANNED SALMON EXPORTS¹ FROM U.S. CENSUS DISTRICTS
29, 30 AND 31, 11 1975-1979, BY EXPORT COUNTRY,
IN POUNDS

	1975	1976	1977	1978	1979
Japan	137,211	200,798	513,626	1,504,103	2,926,483
Korea	---	---	---	---	---
Canada	4,372,047	3,197,754	3,305,987	5,929,546	9,971,431
France	77,376	13,712	51,525	680,085	540,256
United Kingdom	13,880,244	9,298,959	8,132,567	9,634,243	17,586,370
West Germany	5,010	35,000	59,800	18,985	63,499
Belgium	1,161,341	1,318,607	1,180,205	1,849,335	2,235,601
Italy	5,488	---	79,999	64,700	117,075
Sweden	---	1,200	4,800	---	6,560
Denmark	391	---	---	---	17,500
Norway	---	---	826	---	---
Netherlands	1,589,775	2,272,270	2,487,313	4,503,821	5,189,293
Switzerland	---	4,724	---	---	88,831
Ireland	12,000	---	10,800	4,800	336,303
Misc. Other Countries ¹	514,556	2,451,332	3,932,938	6,201,139	7,655,514
TOTALS	21,755,439	18,794,356	19,751,406	30,796,757	46,534,727

¹This category includes U.S. Census Bureau Commodity Codes: #1121920 "Salmon canned and dried, salted or smoked"; #1121940 "Salmon, canned BSPE"; #030110 (1975-1977) "Salmon, in airtight containers"; and data from U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service, Fishery Market News Weekly categories "Salmon, in airtight containers," and "Salmon, canned but not frozen."

¹Salmon exported from U.S. Census Districts 29 (Portland, Oregon), 30 (Seattle, Washington) and 31 (Anchorage, Alaska) is not limited to salmon produced in these areas. However, it is estimated that approximately 85% of these exports represent Alaska salmon production.

¹A list of the countries represented in this category is given in Table .

Table 29 FISH ROE EXPORTS FROM U.S. CENSUS DISTRICTS
29, 30 and 31, 1975-1979, BY EXPORT COUNTRY,
IN POUNDS

	1975	1976	1977	1978	1979
Japan	8,085,629	11,436,824	17,281,367	17,942,395	27,762,085
Korea	---	100,466	3,755,725	247,535	1,318,144
Canada	140,444	59,411	225,868	1,105,062	156,526
France	1,000	31,356	42,069	64,082	49,953
United Kingdom	---	14,600	---	---	---
West Germany	88,022	32,879	66,650	70,006	49,551
Belgium	---	19,426	---	4,000	2,000
Italy	8,205	---	---	121,573	218,748
Sweden	---	816	---	---	---
Denmark	---	5,952	10,713	5,443	---
Norway	---	---	---	---	---
Netherlands	---	3,000	---	---	---
Switzerland	---	---	---	---	---
Iceland	---	---	---	---	---
Misc. Other Countries ¹	4,045	62,720	3,070	16,369	2,292
TOTALS	8,327,345	11,767,450	20,985,462	19,576,465	29,559,299

The U.S. Census Bureau Commodity Code #1134500 (1978 and 1979) "Fish Roe" includes salmon roe, herring roe and other types of fish roe; however, the vast majority of that exported from U.S. Census Districts 29 (Portland, Oregon), 30 (Seattle, Washington) and 31 (Anchorage, Alaska) is salmon roe. The Commodity Code #0112000 (1975-1977) "Fish, except shellfish, canned" contains fish roe as well as salted, dried or smoked fish products; however, the majority of this is also salmon roe.

¹A list of the countries represented in this category is given in Table

Table 30. LIST OF EXPORT COUNTRIES INCLUDED IN "MISC.
OTHER COUNTRIES" CATEGORY IN TABLES 27-29

Venezuela	Chile
Finland	Uruguay
Spain	Kuwait
Greece	Saudi Arabia
Qatar	United Arab Emirates
Thailand	Bahrain
Malaysia	New Caledonia, Futuma,
Singapore	Wallis, French Polynesia
Hong Kong	Other Pacific Islands
Australia	Canary Islands
New Zealand	Nigeria
Rep. of China (Taiwan)	Republic of South Africa
French Pacific Islands	Costa Rica
Guatemala	Columbia
El Salvador	Bolivia
Nicaragua	Tunisia
Panama	Austria

not the same as those used for 1978 through 1980. The most significant change of categories was for fish roe (#1134500), which was previously included in "Fish, except shellfish, cured" (#0312000) (1975-1977). In addition to salmon, herring and other fish roe, the latter category also includes small volumes of salted, dried or smoked (but not canned) fish, such as herring and salmon.

Consumption Patterns

Data on consumption of salmon in the U.S., Japan and European countries is not readily available. Rather, an extremely detailed analysis of salmon landings, imports, exports and inventories is required to determine per capita consumption rates, which is beyond the scope of the present report. Table 31 details such an analysis for both canned and fresh/frozen salmon consumption in the U.S. in 1978. U.S. per capita canned salmon consumption was 9.6 ounces in 1978, while fresh/ frozen salmon consumption was 2.4 ounces per person.

Overall consumption of fish products in Japan was 4.5 times greater than the U.S. consumption in 1965.⁷ However, per capita consumption of fish products in Japan decreased from 1960 to 1972 and remained at approximately the same level from 1972 to 1977. While total Japanese consumer demand for fish products has increased slightly in recent years, this increase has occurred at a slower rate than the demand for meat, poultry and other sources of protein.⁸ The primary reason for this is that the price of fishery products has increased at a faster rate than the price of competing protein products. While no data on European consumption patterns, by species, is available, we have determined through personal communications with salmon brokers and processors that European sockeye markets, particularly for fresh/frozen product, is less than for other salmon species.

The implications of the available data on salmon consumption patterns in the U.S., Japan and European countries substantiates, to a certain extent, what is evident from export patterns: Alaska salmon producers are heavily dependent upon the Japanese market, particularly the market for fresh/frozen sockeye; the U.S. market for canned and frozen salmon is presently insignificant, with no indication of a considerable change in the near future; and European canned markets, while remaining relatively stable, do not appear to be good prospects for absorbing the large expected volumes of sockeye production in 1980.

⁷U.S. Department of Commerce, NOAA, NMFS, 1979. Fisheries of the United States, 1978. Current Fisheries Statistics No. 7800.

⁸Ministry of Agriculture, Forestry and Fishery, 1978. "Annual Report on Fishery Trends in Fiscal 1977." Foreign Press Center, Tokyo, Japan.

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Table 31. U.S. SALMON CONSUMPTION, 1978

I.	<u>Total U.S. Salmon Landings, All Species, 1978</u>	404,489,000 pounds (rd wt)
II.	<u>Canned Salmon Consumption</u>	
A.	U.S. Pack, product weight	164,239,000 pounds
B.	Imports, product weight	<u>325,000</u> pounds
C.	Total Supply, Canned	164,564,000 pounds
D.	Exports, product weight	<u>32,546,000</u> pounds
E.	Total Available for Consumption	132,018,000 pounds
F.	Inventory	
	1) Jan. 1, 1978	2,230,820 cases
	2) Jan. 1, 1979	2,315,787 cases
	3) Net change, 1978 + Net change, 1978 +	84,967 cases 4,078,416 pounds
G.	Apparent Consumption, Canned	129,939,590 pounds
H.	Total U.S. Resident Population	216,400,000
I.	Per Capita Consumption, Canned	.60 pounds
III.	<u>Fresh/Frozen Consumption</u>	
A.	U.S. Production, product weight	148,477,000 pounds
B.	Imports, product weight	<u>6,617,000</u> pounds
C.	Total Supply, F/F	155,094,000 pounds
D.	Exports, product weight	<u>125,771,000</u> pounds
E.	Total Available for Consumption	29,323,000 pounds

Source: Environmental Services Limited

Table 31 (con't)

F. Inventory (cold storage holdings)		
1)	Jan. 1, 1978	28,365,000 pounds
2)	Jan. 1, 1979	25,146,000 pounds
3)	Net change	-3,219,000 pounds
G.	Apparent Consumption, F/F	32,542,000 pounds
H.	Total U.S. Resident Population	216,400,000
I.	Per Capita Consumption F/F	.15 pounds

U.S. Per Capita Consumption of Canned and Fresh/Frozen Salmon. 1978 =

.75 pounds or 12 ounces

Retail and Wholesale Market Conditions

Supply

Generally, the quantity of any product supplied to the marketplace has an inverse relationship to the price paid for that product: When there is a large supply, price is generally lowered. This year's projected statewide harvest of sockeye salmon is forty-two million fish, compared to a 1979 Alaska harvest of twenty-eight million. The high 1980 sockeye projection is primarily due to the anticipated record commercial harvest of 37.1 million fish in the Bristol Bay region, which, if realized, will be the highest ever recorded for this fishery.

Other major sources of supply to world salmon markets in 1980 will be Japan, Canada and the U.S.S.R. Currently, production of chum salmon from hatcheries in Hokkaido, Japan is increasing, and the Japanese have recently reached an agreement with the U.S.S.R. to harvest Russian chum salmon. In addition, the high seas catch of salmon by the Japanese mothership fleet, which has been reduced by international agreements in the past few years, is anticipated to increase in 1980. Thus, while this year's Canadian salmon catch is expected to be lower than usual, the overall supply of salmon to world markets is expected to be exceptionally high in 1980.

Inventories

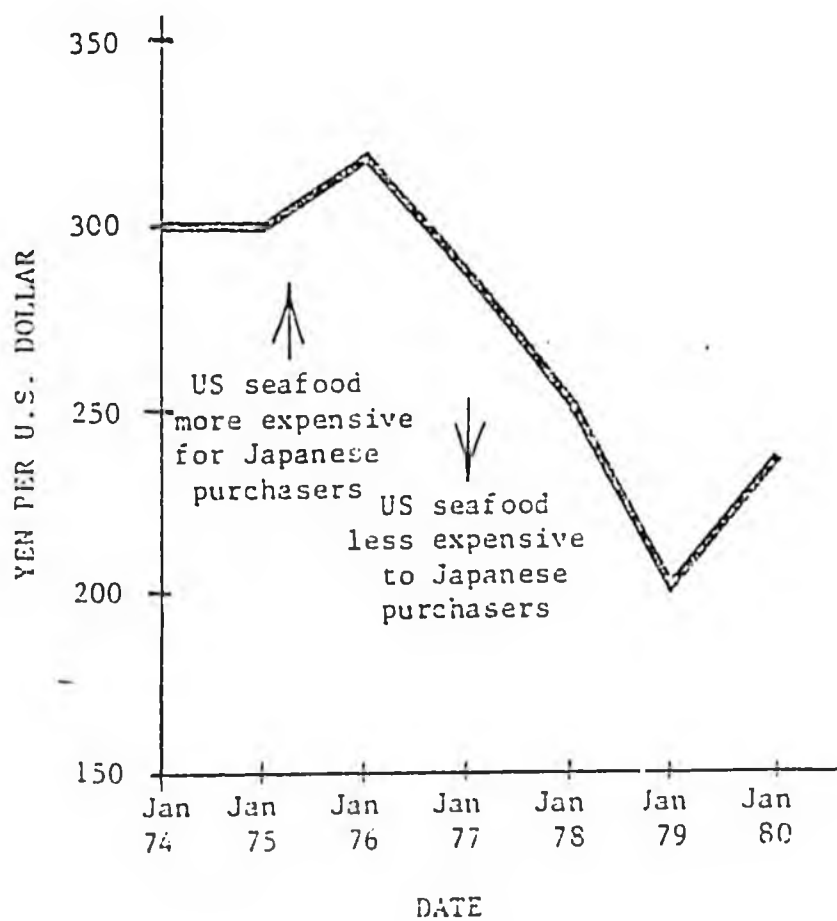
The amount of inventory left over from the previous year is another major factor affecting market price. U.S. inventories of canned salmon are currently lower than in April 1979; however, frozen product inventories are considerably larger than this time last year. The effect of these inventories on 1980 market price is essentially the same as that of supply: the high inventories of frozen salmon will tend to lower prices for 1980 product, especially for lower quality product (other than No. 1 grade). Low inventories of canned salmon are currently creating a rise in price in retail markets, which will probably continue through the early 1980 supply. However, the large anticipated volume of canned product which will be available in 1980 will tend to reduce price later in the year.

International Currencies

The rates of exchange between the U.S. dollar and foreign currencies directly affect the purchasing power of other nations for U.S. goods. Thus, while international monetary conditions may appear to be somewhat unrelated to a discussion of Bristol Bay salmon prices, this section points out that such distant factors can very directly affect wholesale and retail sockeye markets, which in turn affect raw fish prices.

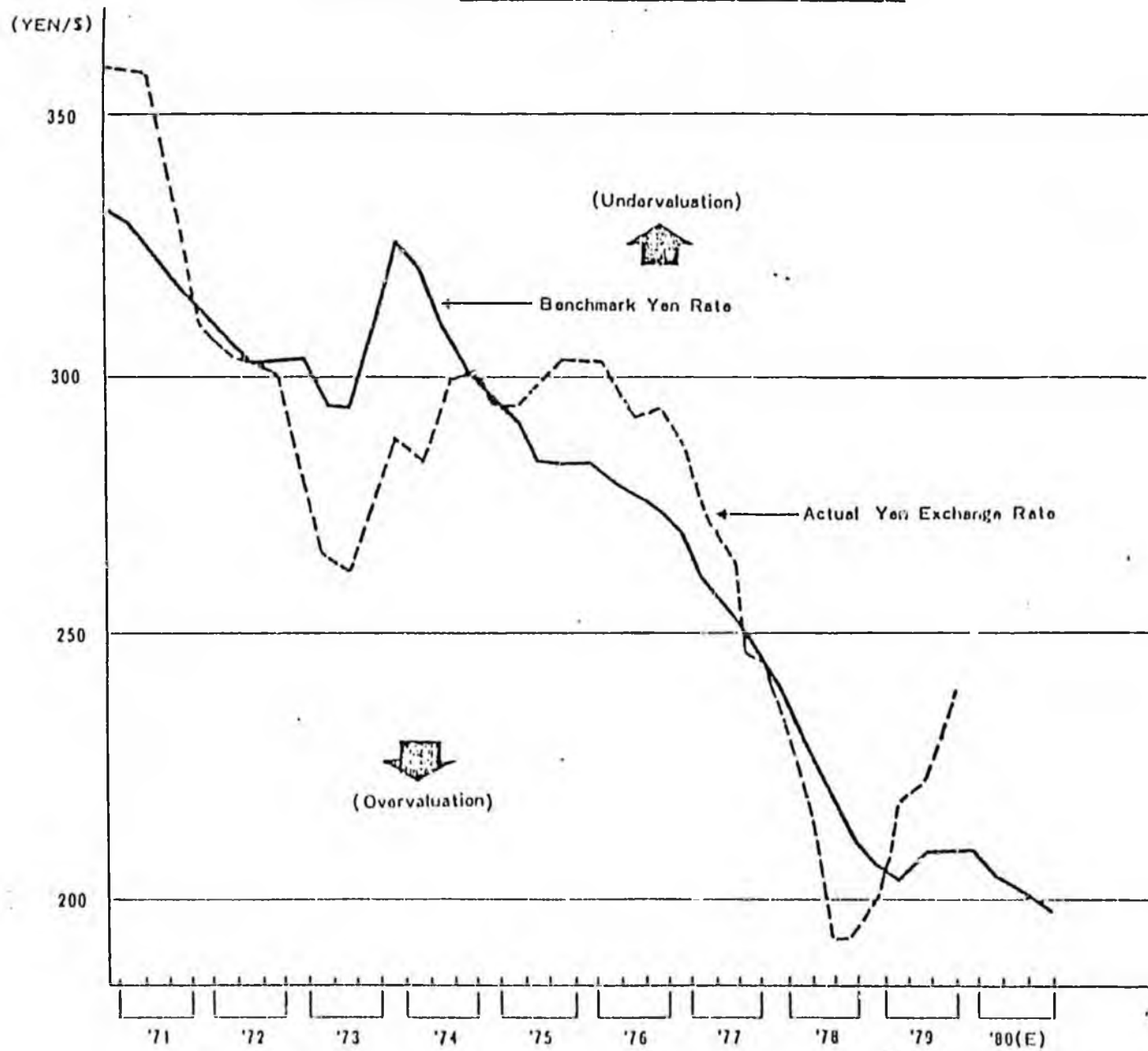
Figures 5 and 6 show the yen/dollar exchange rate from 1971 to 1980. It can be easily seen on this graph that a sharp decline in

Figure 5. YEN/DOLLAR EXCHANGE RATE, 1974-1980
(Rates are noted yearly)



Source: Morgan Guaranty Trust Bank

Figure 6. YEN/DOLLAR EXCHANGE RATE



Source : NRI

expense of U.S. seafood to Japanese buyers occurred from January 1976 to January 1979. The relative strength of the Japanese yen against the dollar during this period correlates well with the increase in Japanese imports of U.S. salmon products discussed in the Export Section of this report. Since January 1979, the yen has weakened against the dollar, thus reversing the trend in Japanese purchasing power of U.S. goods. This weakening is apparent in the recent decline in prices paid by Japanese buyers for U.S. frozen salmon products. There is currently no indication that the yen will strengthen against the dollar before 1980 salmon product goes on the market.

According to bond market sources, the Consumer Price Index (CPI) in Japan is expected to rise more than twice as fast in 1980 as in 1979. The actual CPI increased at a rate of 3.7 percent in 1979 and is projected to rise to a rate of 4.3 percent in 1980 (see Figure 7). The net effect of this increase is less Japanese consumer buying power in 1980 than in 1979.

Fiscal policy with regard to inflation in Japan appears to be moving toward restrictive monetary measures. The rate of increase in the money supply in 1980 is reported to be approximately ten percent, as compared with a twelve percent increase in 1979. The effect of tight money conditions on U.S. salmon export markets will be the same as the current yen/dollar exchange rate and the CPI increase in 1980. Less money will be available to Japanese consumers for purchase of goods in general, and there appears to be little reason to expect that the salmon market demand will increase under these circumstances.

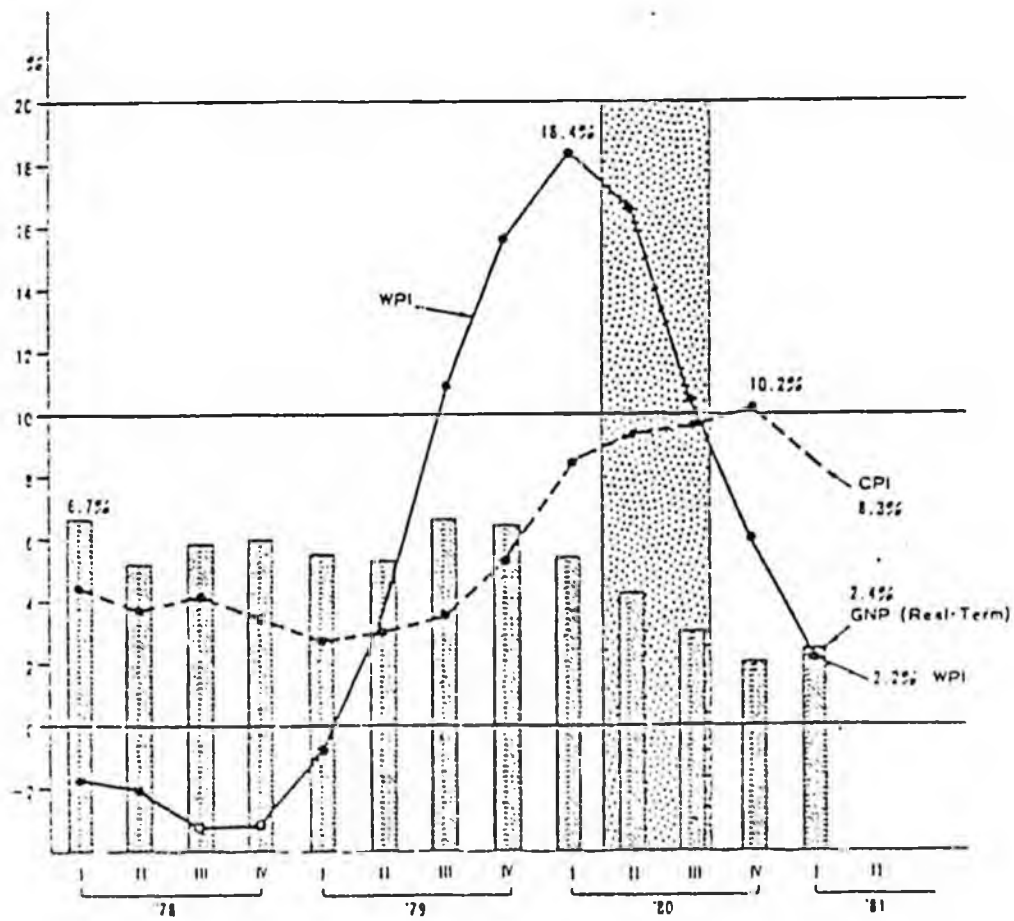
Figure 8 shows the effective exchange rates of the Swiss franc, German mark, Japanese yen, French franc, U.S. dollar, British pound and Italian lire.

Japanese Markets

The complex seafood market structure in Japan, which often appears confusing to the American businessman, has been developed through centuries of dependence upon seafood as a staple in the Japanese diet. A large number of processors, wholesalers and distributors are typically involved in the handling of most consumer products. Perhaps the most obvious aspect of seafood trading in Japan is the presence of large international Japanese trading companies which handle about eighty percent of all imports of all commodities, including seafoods. Seafood producers seeking to establish markets in Japan, whether it be with large trading companies or through other market channels, must recognize that most Japanese firms are anxious to establish long-term buying relationships.

The Japanese consumer is extremely conscious of the appearance and aesthetic appeal of seafood products, primarily because a high percentage of seafoods are eaten raw or cooked whole. As a result of the strict demands of Japanese consumers, Japanese importers pay close attention to seafood quality. Although price is important in seafood negotiations, importers are not reluctant to pay a higher price if

Figure 7. GNP AND PRICE INCREASE
IN JAPAN, 1978-1981

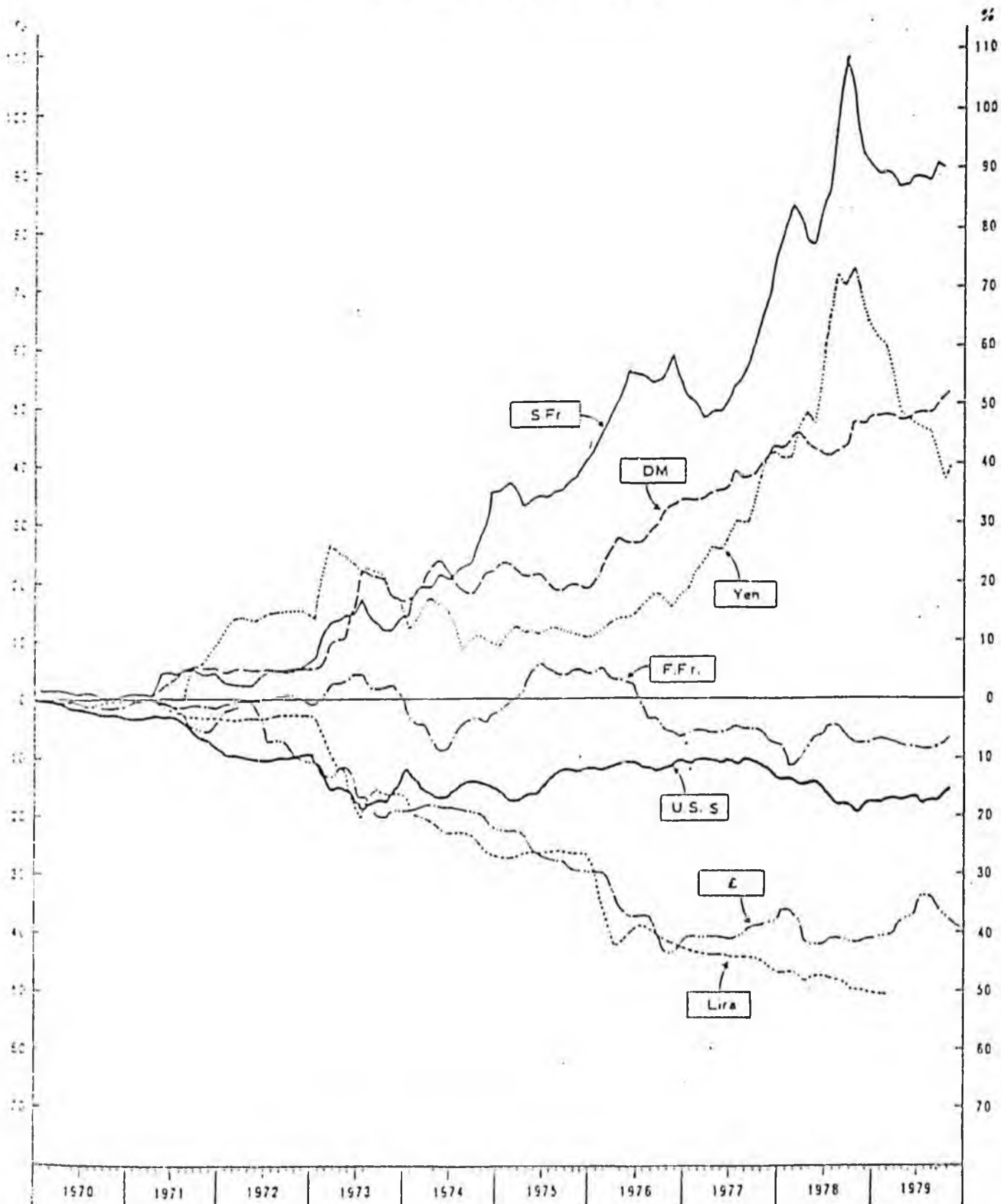


Estimates by NRI

Note: (1) CPI, WPI: 1975 = 100
(2) GNP: Year to year % change

Source: Morgan Guaranty Trust Bank

Figure 8. EFFECTIVE EXCHANGE RATES FOR FOREIGN CURRENCIES



Source : Morgan Guaranty Trust Bank

higher quality is guaranteed. During the years when the supply of a particular seafood product is limited, Japanese buyers are naturally less critical of product quality. However, during times of abundant supply, as is projected for 1980, importers are noted for emphasizing subtle distinctions in skin color and general appearance and will pay a price as is determined by the lowest quality of a shipment. When the market demand in Japan is low, importers will use a variety of ways to reject a shipment. In summary, quality plays a major role in establishing and maintaining Japanese markets, particularly in years of ample supply.

It is clear from the above discussion that the strong Japanese market for fresh/frozen salmon, particularly sockeye, has played a major role in the economics of the Bristol Bay fishery during the 1970's. The most significant aspect of this market as regards 1980 raw fish prices is that the overwhelmingly high Japanese demand for frozen sockeye during this period created an overdependence on this market on the part of U.S. processors and brokers. Japan is the only fully developed market for Alaskan frozen salmon. Thus, faced with the recent decline in Japanese demand due to the many factors mentioned above, U.S. processors are left with few prospects for selling 1980 salmon except to attempt to produce only the highest quality product and to expect lower prices in the market place.

Raw Fish Market Trends in Bristol Bay

Supply

Years of abundant fish returns are never the best for the fisherman, as the supply in these years often exceeds the demand for raw fish. Bristol Bay fishermen began to feel the effects of the high sockeye volume last year, when various delivery limits were set by many buyers during the season. With the exceptionally high anticipated sockeye run, which far exceeds the processing capacity in the Bay and likely exceeds the wholesale demand for processed product, fishermen can expect less demand for raw fish in 1980 than in previous years of limited supply, more promising wholesale markets or both.

Number of Buyers

The large number of buyers competing for landed fish during the period of strong Japanese frozen markets in the late 1970's considerably changed the nature of raw fish markets in Bristol Bay. For the first time in the history of the fishery, the raw fish price was established in a climate of substantial competition, and the attendant increases in raw fish price during this period reflect the increase in the number of buyers in the Bay (refer to the Raw Fish Price section).

Due to the low anticipated wholesale and retail market demand in 1980, it can be expected that the number of buyers in Bristol Bay will be reduced from the previous few years. The effects of reduced markets

on the fishermen is already apparent. Beginning last summer, certain processors began cutting fishermen from their rosters. In one reported case, forty-three of one hundred were informed they would have to find another place to sell their fish in 1980. According to one estimate by the Alaska Independent Fishermen's Marketing Association, at least 100 of its 753 members had no market as of March 15, 1980. In response to a request by the Governor's Office, the Bristol Bay Native Association conducted a survey of Bristol Bay residents. The survey found that as of March 26, 1980, 102 fishermen had no market and sixty-three had "questionable" markets for the 1980 season.

This will necessarily have serious effects on many fishermen and their families: many have no other significant source of income and many have boat and/or gillnet permit payments due which, if missed, will eliminate their only source of income.

SUMMARY AND CONCLUSIONS

The cost of doing business in Bristol Bay has risen considerably for both harvesters and processors in recent years. It appears that both sectors are somewhat overcapitalized at the present time, because of previous expectations of a continued strong Japanese market for fresh/frozen salmon. Recent unexpected increases in fuel costs and interest rates have contributed substantially to cost increases in excess of those previously projected by both sectors for 1980.

Canned salmon markets have remained fairly stable throughout the past decade. At the present time, inventories are low and prices are rising. It is likely that market prospects for canned salmon will remain high until the bulk of the large anticipated 1980 supply reaches the market.

Market conditions for frozen sockeye are poor, due primarily to the collapse of the strong Japanese market upon which the Alaska frozen salmon industry has been built during the past decade. Inventories from 1979 are high and it is not likely that any significant change will occur in this market before the abundant anticipated 1980 supply reaches the market. One possible exception to the dim 1980 market picture for fresh/frozen salmon is the possibility that the Alaska State Legislature may appropriate a large sum of money to initiate a seafood promotion organization, which would direct a large portion of the appropriation to "generic" (nonbrand) advertising of Alaska seafoods in the U.S. and Europe. One of the results of this effort would be to raise domestic and international market demand for Alaska salmon products.

During a high volume, low market year such as 1980, the number of buyers/processors operating in Bristol Bay is likely to shrink, and those who do operate are likely to limit the volume of fish they handle. When this occurs, raw fish prices are often depressed below the "fair" level, as it is a "buyer's market." The options available to fishermen and fishermen's associations are limited under these circumstances. Their alternatives are:

- Refuse to fish.
- Attempt to negotiate individual agreements with buyers.
- Negotiate a Bay-wide price, based on average cost data for fishermen and processors.

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A Bay-wide settlement could take one of several forms:

- A two-tiered price structure, based on volume (e.g., a certain price for the first 30,000 pounds delivered and a lower price for the remainder of the catch). The structure would encourage maximum utilization of the resource and reduce the average price per pound.
- A two-tiered price structure, based on method of processing. In this structure, a certain higher price would be paid for fish to be canned and a lower price would be paid for fish to be frozen, reflecting the weak frozen market situation in 1980.
- A deferred payment system, in which buyers/processors would defer a portion of the negotiated price to fishermen until an agreed upon date, which would be later than in the past. This system would reduce the high cost of interest on working capital for processors.

Whatever option is taken by the fishermen in their price negotiations, two major factors will considerably assist both sectors in their ability to make a profit in 1980: (1) the negotiation of an early settlement, so that both sectors can do some short-range planning for the season to take advantage of "early" fish catches, which will assist the flow of production and will also be more valuable than later catches in this year's market; and (2) make every effort to assume optimum quality control throughout the harvesting, tendering and processing, as the only marginally optimistic market for this year's salmon is for top quality No. 1 grade.

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PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT

MEMORANDUM

TO: Senator Jalmar Kerttula
President of the Senate

FROM: Senator Arliss Sturgulewski 
Chairman, Hearing Committee

Senator Pat Rodey, Chairman 
Senate Judiciary Committee

DATE: March 27, 1981

SUBJECT: Bristol Bay Fishery Hearing Report

The Special Judiciary Hearing Committee was charged with conducting a series of fact-find hearings on the Bristol Bay fishery. The results of these hearings and recommendations for action were to be reported to the Senate.

The attached report summarizes the findings of the Hearing Committee and presents a series of recommendations for further action.

The report of the Governor's Bristol Bay Task Force is also attached.

The Special Judiciary Hearing Committee report makes the following recommendations:

Recommendation No. 1

Legislative support for the Department of Commerce and Economic Development's market study needs to be shown. Although the time frame for the current study is extremely short, the approach taken by DCED should provide a comprehensive picture of the existing Bristol Bay marketing structure and alternative types of price settlement.

Recommendation No. 2

Direct the Governor to prepare a plan for developing line agency capability to develop a similar understanding of the market system and market potential for all Alaskan fisheries. The plan for achieving this ongoing market analysis should be presented to the Legislature in January of 1982.

Recommendation No. 3

An analysis is needed of how other U.S. and foreign fisheries are organized, from the fishermen, processors, brokers through to the final markets. The purpose of this analysis is to develop an understanding of the various types of existing industry organization and what particular structures could be possible in Bristol Bay. Information developed through this study would be made available to fishermen, marketing associations, cooperatives and processors as well as the general public.

Recommendation No. 4

While efforts of the Alaska Seafood Marketing Institute are directed primarily at increasing the consumer's demand for salmon products, broader research on potential markets for Alaskan salmon and other seafood products needs to be done. Because of the industry's present focus on the Japanese market, there is little knowledge of alternative markets, locations and possible level of demand, both in the U.S. and abroad.

Recommendation No. 5

A program is required that provides assistance to local fishermen and fishermen's groups in actually contacting potential markets. The purpose of this program, whether done through an agency, through contract or through direct financial assistance to fishermen's groups, would be to facilitate contact between fishermen and potential buyers without regard to the type of marketing structure used. While initially focusing on Bristol Bay, the marketing assistance should be available for all Alaskan fisheries.

Recommendation No. 6

A review of the policy guidelines and performance of ARRC, CFAB, AIDA and the pack financing program should be undertaken to identify changes in their statutory direction that would make new domestic processing and marketing operations clearly eligible for these programs. This task might be best carried out by one or a combination of legislative committees.

Recommendation No. 7

The Legislature should direct the Governor to develop a list of public capital facilities required to support the expansion of the fishing industry and community needs in the Bristol Bay region. This list should be based on analysis of infrastructure needs in the region and should present a plan and coordinated approach among executive agencies to provide those facilities. The Governor's recommendations should be presented to the Legislature in January of 1982.

Recommendation No. 8

The Governor's supplemental appropriation request for the Department of Public Safety should be reviewed to determine if that request will provide support capabilities that will allow independence from private facilities and vessels. A supplemental appropriation to fund support services for the State Troopers should be considered on a priority basis for this fiscal year.

Recommendation No. 9 - Follow Up

As a final recommendation on legislative oversight, the Governor should provide the 1982 Legislature with a report on the use of the marketing study (Recommendation No. 1) during the 1981 fishing season and the activities of the Department of Public Safety in Bristol Bay this summer.

Attachments

SENATE JUDICIARY HEARING COMMITTEE
Report and Recommendations
March, 1981

A special Senate Judiciary Hearing Committee was formed in late February to conduct a series of hearings on the Bristol Bay salmon fisheries and to report to the Senate its recommendations for both legislative and executive action.

Initially these hearings were to focus on two aspects of the Bristol Bay fishery: the State's role in the negotiating process and the public safety concerns related to the settlement of fish price negotiations. Hearings were conducted in Dillingham, and Naknek, with additional hearings in Juneau. The Governor's Bristol Bay Task Force was present at the Dillingham and Naknek hearings. Task Force Chairman Av Gross and Department of Public Safety Commissioner William Nix attended one of the Juneau hearings. (A copy of the Task Force Report is attached to this report.)

The following recommendations are drawn from the testimony of nearly 50 individuals at the three hearings. While the original concerns of the Hearing Committee were the State's role in the negotiating process and in maintaining public safety, it quickly became apparent that a broader approach to meeting Bristol Bay's needs was required to be effective. As the Governor's Task Force report states, much of the stress occurring in Bristol Bay is due to the changing nature of the fishery and the marketing structure. Because the end result of this evolution in the fishing industry is not known, State policies toward the Bristol Bay fishery should neither artificially restrict that change, nor force the adoption of any "new" system.

The recommendations of this report are organized under four topics: Market Study, the Changing Nature of the Bristol Bay Fishery, Capital Improvements and Public Safety. These recommendations provide a coordinated policy approach to Bristol Bay and, ultimately, to the changing nature of the domestic fishing industry Statewide, while maintaining a general concern for public safety and individual rights.

Market Study

Most of those testifying before the Committee recommended that the State fund an objective marketing study. People thought that such a study would allow fishermen to negotiate on a more equal footing with the processors, and would be of most benefit to the majority of Bristol Bay fishermen who regularly fish for the large, established processors. This market study would at a minimum analyze the market for salmon, wholesale prices and trends, effect of pack sizes on prices, and changes in the costs to fishermen and processors

in producing their products. The result would be a recommended range of ex-vessel prices that could be paid for salmon, by type of product (fresh, frozen, canned). Alternative types of price settlements mentioned during the hearings, such as price indexing, percentage of wholesale price and sliding scale agreements should also be considered.

This market price study, as brought out in public testimony, is actually needed in all Alaskan fisheries. The Bristol Bay study could be the first step in the development of an understanding of market conditions related to each of the fisheries in Alaska. In the long run, it is necessary for both the State and the domestic industry to understand the nature of markets for bottomfish, general fish products (fish meal, fish sticks, etc.), crab and herring as well as salmon. With this knowledge, the State is in a better position to create programs to effectively involve Alaska, and Alaskans, in the utilization of the State's fishery resources.

The Governor's Bristol Bay Task Force has announced that the Department of Commerce and Economic Development will have a Bristol Bay market study done by May 15, 1981. The study is to describe the actual inventories, sales, processes and final destination of Bristol Bay red salmon; identify firms and describe the structure used in marketing and distributing these products; describe processing done after the salmon leave Alaska; describe existing demand for Bristol Bay salmon, including sales promotion efforts; relate demand to alternate sources of salmon; explain how prices are set for Bristol Bay salmon, including the effect of financing mechanisms and production costs; and present an analysis of market demand, identifying a range of wholesale prices related to different levels of salmon catch.

Recommendation No. 1

Legislative support for the Department of Commerce and Economic Development's market study needs to be shown. Although the time frame for the current study is extremely short, the approach taken by DCED should provide a comprehensive picture of the existing Bristol Bay marketing structure and alternative types of price settlement.

Recommendation No. 2

Direct the Governor to prepare a plan for developing line agency capability to develop a similar understanding of the market system and market potential for all Alaskan fisheries. The plan for achieving this ongoing market analysis should be presented to the Legislature in January of 1982.

Changing Structure of the Bristol Bay Fishery

Several individuals testified as to the changing nature of the fishing industry in Bristol Bay. There appears to be a general feeling that much of the tension in the Bristol Bay fishery is actually due to this change in the structure of the industry. One component of this change is the desire by many local fishermen to develop a new, locally controlled means of marketing their fish as an alternative to the established processing plants. At the same time, most fishermen in Bristol Bay are linked closely to those large processors; cannery fishermen enjoy the benefits of credit, boat storage, ready access to supplies and other benefits in exchange for fishing only for a single processor. Fishermen who violate this unwritten agreement by selling their fish for a higher price to a different processor often find themselves both without a regular buyer and without the benefits of a cannery fisherman.

Fishermen may be unable to actually find markets or make connections with representatives of markets that might otherwise purchase their fish. It was reported to the Committee that there are currently an estimated 125 fishermen who have no markets for their fish. Other fishermen who do manage to organize and find potential markets for their fish outside of the established system report an inability to get their operations "off the ground," due to a lack of front end financing.

In addition, a number of those that testified thought that present State programs involved in fisheries, such as the Alaska Renewable Resources Corporation (ARRC), the Commercial Fishing and Agriculture Bank (CFAB) and the pack loan program, did not provide support for new marketing/processing operations. While some people thought that these State programs were purposefully oriented toward the existing processors, others felt that the inability to use State programs to develop new or expanded processing activities by domestic organizations was a result of unclear policy directions to those programs.

A number of very specific changes in existing State programs were suggested during the hearings. These suggestions ranged from requiring ARRC loans to be made only to wholly-owned Alaskan firms on one hand, to requiring processors to sign a price settlement with fishermen in order to be eligible for ARRC, CFAB or pack loans.

On the whole, people identified the State's role in this changing industrial setting as providing the catalyst for new developments in the industry. This would be accomplished through ensuring easier access to ARRC, CFAB, pack loans and

other funds to be used by new processing operations for organizational, front-end or operating costs prior to the sale of their products.

Recommendation No. 3

An analysis is needed of how other U.S. and foreign fisheries are organized, from the fishermen, processors, brokers through to the final markets. The purpose of this analysis is to develop an understanding of the various types of existing industry organization and what particular structures could be possible in Bristol Bay. Information developed through this study would be made available to fishermen, marketing associations, cooperatives and processors as well as the general public.

Recommendation No. 4

While efforts of the Alaska Seafood Marketing Institute are directed primarily at increasing the consumer's demand for salmon products, broader research on potential markets for Alaskan salmon and other seafood product needs to be done. Because of the industry's present focus on the Japanese market, there is little knowledge of alternative markets, locations and possible level of demand, both in the U.S. and abroad.

Recommendation No. 5

A program is required that provides assistance to local fishermen and fishermen's groups in actually contacting potential markets. The purpose of this program, whether done through an agency, through contract or through direct financial assistance to fishermen's groups, would be to facilitate contact between fishermen and potential buyers without regard to the type of marketing structure used. While initially focusing on Bristol Bay, the marketing assistance should be available for all Alaskan fisheries.

Recommendation No. 6

A review of the policy guidelines and performance of ARRC, CFAB, AIDA and the pack financing program should be undertaken to identify changes in their statutory direction that would make new domestic processing and marketing operations clearly eligible for these programs. This task might be best carried out by one or a combination of legislative committees.

Capital Improvements

As stated by the Governor's Task Force, the full utilization of the Bristol Bay Fisheries resource is a major State concern. The development of new and expanded markets and marketing structures is one aspect of increasing the utilization of Bristol Bay salmon.

However, access by fishermen and new industry operations to this resource requires a range of facilities to support their activities. These facilities include boat harbors, ocean and industrial docks, water supplies, airports, airport industrial areas and roads.

At present, public and private facilities in the Bristol Bay region lack the capacity to handle new developments in the local fishing industry. This, in effect, creates a barrier to the establishment of new marketing operations, new processors, and to the ability of local fishermen to find alternatives to the storage, repair and support services offered by the existing processors. Simply locating land upon which to build private industrial facilities is difficult, although this situation may change with the shift in ownership of large tracts of land to the local Native corporations.

In short, the natural evolution of the fishing industry in Bristol Bay will require basic investment in public infrastructure. A number of individuals testified that fishermen had no place to keep their boats during the summer and no place to unload fish or store equipment. New processors also have no dock space for their operations, are faced with community water systems unable to supply their needs, and under-developed airport facilities that create delays in the transport of fish to markets. The physical difficulty local fishermen and organizations have in getting their products to market undoubtedly affects the ability of those interests to make commitments to potential markets.

Because of the level of industry activity in Bristol Bay, local residents cannot understand the State's apparent disinterest in developing basic facilities in their region. As one individual stated before the Committee, it seems common sense to provide for the infrastructure needs of Bristol Bay's proven natural resource industry on at least an equal basis to the State's assistance in providing infrastructure for unproven renewable and nonrenewable resource developments.

The Department of Transportation and Public Facilities is currently funding a study of the transportation facility needs of Southwest Alaska, including the Bristol Bay region. Transportation facility needs related to both industry activities and community growth will be identified in this study. The estimated completion date for this regional transportation study is June, 1981.

Recommendation No. 7

The Legislature should direct the Governor to develop a list of public capital facilities required to support the expansion of the fishing industry and community needs in the Bristol Bay region. This list should be based on analysis of infrastructure needs in the region and should present a plan and coordinated approach among executive agencies to provide those facilities. The Governor's recommendations should be presented to the Legislature in January of 1982.

Public Safety

One of the Committee's initial charges was to listen to the Bristol Bay residents on the relationship of public safety to the settlement of price disputes. A significant volume of testimony was received on the use of threats and "scare tactics" in the negotiating process. In addition, a number of people testified that the fishermen feel under extreme pressure to ensure a unified approach to price settlement, because the majority of fishermen have no alternative market to the existing processing operations. Fishermen feel that they have to speak with a single unified voice to be effective within the present system.

As market alternatives develop, the emphasis on maintaining the appearance that fishermen are of a single, unified mind will decrease. Different groups of fishermen will be able to develop their own markets and marketing systems. Witnesses testified that changes in the nature of the Bristol Bay fishery will result in more ex-vessel price competition by processors and in a reduction in the use of threats and intimidation in the settlement of price disputes. Individuals or small groups of fishermen will be able to settle for a price they feel acceptable, without appearing to undercut other fishermen's organizations or markets.

However, until the majority of fishermen feel that they have some market flexibility and have the opportunity to control their own position in a more differentiated marketing system, the use of pressure tactics to encourage conformance to marketing association negotiations is likely to continue.

There will be a continuing need for public safety presence in Bristol Bay. The State's public safety effort must be related to the enforcement of existing laws, without purposefully intervening in the negotiating process itself. In general, a low profile coupled with a workable contingency plan will meet public safety needs while minimizing public reaction simply to the visible presence of public safety personnel.

In order to remain as objective as possible in appearance in its public safety mission, the Department of Public Safety should provide its own support services and remain independent of all parties in the negotiating process. The lack of departmental boats and equipment during the 1980 season resulted in State Troopers being placed on barges and facilities operated by the processors. This lack of support capability decreased the ability of the Troopers to carry out their duties, in that they lacked the mobility to respond. In addition, placing individual Troopers on private property was interpreted by some fishermen as a demonstration that the State was more interested in protecting the processors than in protecting the general public safety. This situation should be avoided in the future, if at all possible.

The Governor's Bristol Bay Task Force has recommended that the Department of Public Safety develop a contingency plan for the 1981 Bristol Bay fishing season. The Governor will submit a special appropriation request to the Legislature to fund additional manpower and support services for this coming season. Both Public Safety's contingency plan and the supplemental appropriation request are included in the Task Force Report.

Above all, the State should emphasize that public safety must be maintained in Bristol Bay, as in other parts of the State. The present legal system defines the unacceptable use of force and pressure tactics. It is important that these laws be enforced equally in all parts of the State and on behalf of all the citizens of the State.

Recommendation No. 8

The Governor's supplemental appropriation request for the Department of Public Safety should be reviewed to determine if that request will provide support capabilities that will allow independence from private facilities and vessels. A supplemental appropriation to fund support services for the State Troopers should be considered on a priority basis for this fiscal year.

Recommendation No. 9 - Follow Up

As a final recommendation on legislative oversight, the Governor should be provide the 1982 Legislature with a report on the use of the marketing study (Recommendation No. 1) during the 1981 fishing season and the activities of the Department of Public Safety in Bristol Bay this summer.

BRISTOL BAY HEARINGS
REPORT

The following document was prepared and released in two stages. It is intended to provide background for the recommendations made to Senate President Kerttula on the Bristol Bay Fisheries.

CONTENTS

- 1.) Hearing report from Dillingham and Naknek
- 2.) Hearing report from Juneau
- 3.) Written testimony and documents presented to the committee
- 4.) The Governor's Bristol Bay Task Force report

1. BRISTOL BAY HEARING REPORT

WILLINGHAM/NAKNEK

PURPOSE

For the purposes of this report, subjects have been consolidated and selected quotations used to illustrate the concerns and perceptions of individuals appearing before the committee. The report does not attempt to present the Task Force's views or comments during the hearing, but rather to let the individuals in Bristol Bay express their concerns in their own words.

This is not a final report. Additional hearings will be held in Juneau on March 16 on the same subject.

INTRODUCTION

On January 28, 1981, Senate President Jay Kerttula requested Senator Pat Rodey, the Judiciary Committee Chairman, to examine the public safety problem which occurred in Bristol Bay during the 1980 salmon season price dispute.

After a preliminary examination, it became clear that the public safety problems could not be divorced from the greater issues of price negotiation and resource utilization, and so the scope of inquiry was enlarged to adequately address the problem.

Senator Rodey was contacted by Avrum Gross, the Governor's appointed director of the Bristol Bay Task Force, about working together on the matter. Senator Rodey agreed to do so in order to speed the hearing process and to avoid unnecessary duplication of effort.

Senator Sturgulewski, Chair of Legislative Budget and Audit, was appointed chair of the Bristol Bay hearings, with Senator Hohman invited as the representative of the District.

Several members of the House representing fishing constituencies also expressed an interest in participating in the hearings, with the House delegation composed of Representatives Chuckwuk and Hurlbert.

The hearing board attending consisted of:

Senator Sturgulewski, Chair
Representative Hurlbert
Representative Chuckwuk

Representing the Governor's Task Force were:

Avrum Gross, Director
Commissioner Nix, Public Safety
Commissioner Skoog, Fish and Game
Commissioner Webber, Commerce & Economic Development
Commissioner Williams, Commercial Fisheries
Entry Commission
Mike Whitehead, Governor's Office

HEARINGS

The initial hearing was held in Dillingham on February 28, from 6:30 p.m. to 10:30 p.m. The hearing was attended by approximately seventy individuals and reached a larger Bay audience by being broadcast over KDLG of Dillingham.

The committee heard testimony or questions from:

Joe McGill	Val Nick Angasan
Andy Golia	Lyman Smith
Joe Clark	Jim Bineman
Jerry Libof	Dave McClure
Fred T. Angasan	Mark Seger
Mitch Kink	Thomas Crandell
Kay E. Larson	Dorothy Hummer
Robin Samuelson	Leon Branswell
Jack McBride	Carl Larson
Laura Schroeder	Stan Small

The second hearing took place in Naknek on March 1, from 12:15 p.m. to 3:30 p.m., and was attended by approximately thirty individuals.

The committee heard testimony or questions from:

John Eckert	Mike Hakala
Mitch Kink	Anthony Balachi
George Gottschalk, Sr.	George Gottschalk, Jr.
Harvey Samuelson	Monty Handy
John Lundgren, Sr.	Allen Aspelund
Richard Johnson	Ralph Angasan

The following topic areas were repeatedly mentioned during the hearings in Bristol Bay as major concerns of local individuals:

Market Study
Processing Shortfalls
Infrastructure Needs
Pricing Concepts
Foreign Control
Public Safety Concerns
Seafood Marketing
Pack Lons, AARC, and CFAB

MARKETING STUDY

The single largest topic of discussion was the State's involvement in financing a comprehensive marketing study to provide information to fishermen and processors prior to price negotiations. Each individual who addressed this point cited the lack of data available to fishermen on world market conditions, although it was generally conceded that processors already had the information at their disposal. Typical comments on this subject included:

Andrew Golia (Dillingham): "I feel this study is highly important and could lead to an early price settlement in Bristol Bay. . I think the importance of this study is that it will give processors and fishermen a starting point in price negotiations this upcoming season."

Jack McBride (Dillingham): "A state-funded study by a firm that could supply credible information to both the fishermen and processors would go a long way to establish a price range within which both the fisherman and processor could feel comfortable to negotiate."

Allen Aspelund (Naknek): "I think if the state would have a similar method (State of Washington market survey) . . .I believe you will create for us fishermen a little trust. . .We don't know what's fair."

Val Angasen (Dillingham): "A study could be conducive for an early settlement, i.e. that the state legislature, the people of Alaska, who the resource belongs to, might have an inkling of an idea whether or not price offers are fair or not fair."

PROCESSING SHORTFALL

Another major point of contention among fishermen is that processors purposefully hold down the number of fish processed, and therefore limit a fisherman's possible income. Bay fishermen firmly believe the state was misinformed on the total capability of processors for the 1980 run.

Mike Hakala (Naknek): "You will also hear the argument that you can get a low price and a lot of volume here in Bristol Bay but. . .they (processors) can't handle the fish. The day it opened they put us on a 6000 lb. limit . . .if that's handling fish, I sure in hell don't know what to say about that."

Kay Larson (Dillingham): "Last year there was also a lot of talk that fishermen should have been willing to take a low price for their fish and make the difference up in quantity. As fishermen who have worked with the canneries for many years, we knew this possibility would not be open to us. We knew that canneries would not increase their production and this proved to be true."

John Eckert (Naknek): "The processors in the Bay here can only process approximately 25 million fish. And on

large run years, they are not going to open up those canneries for any more fish than they can handle.

Mitch Kink (Dillingham): "They (processors) don't want all the fish. I think they said they could handle all the fish. . .if anybody here believes that if we would have went out on the first day of fishing that we would have caught 21 million fish, I think is a little wrong."

INFRASTRUCTURE NEEDS

An expressed concern of residents in the Dillingham area was the infrastructure needs of the community. Most individuals testifying on this topic believed that increased availability of transportation facilities would increase the likelihood of new processors coming into the Bay.

Lyman Smith (Dillingham): "The key thing here that keeps fresh market fisheries from really going is the lack of airport facilities. . .In addition to runways, we also need a parallel taxiway so there can be more than one aircraft operating on that airport at one time.

Laurie Schroeder (Dillingham): "It isn't easy for a new processor to come into Dillingham. . .We don't have lots of docks, we have one public dock that goes dry at low tide. . .We have a 100-boat boat harbor and we have 539 users. . .There are all kinds of things that hamper local fishermen."

Jack McBride (Dillingham): "Finding ways of lowering costs, such as transportation, is certainly another positive

action. Providing easily-accessible docks, improved runways and reasonable road systems would lower the cost of production.

Kay Larson (Dillingham): "Perhaps more competition on the processing side would make for a healthier industry. Competition in any industry is always healthy. State funding which would encourage the development of this competition could be a possible solution. Such funding should include new docks and airport improvements which would make it easier for new processors to come into the Bay."

PRICING CONCEPTS

A considerable amount of time was spent discussing the pricing structure of salmon, the method by which processors paid fishermen for their catches. Many fishermen were interested in establishing a base price for unprocessed fish, with a percentage of the final wholesale price being returned to fishermen.

Mitch Kink (Dillingham): "I think that a fisherman is worth 40% of what he gets as a final price from the wholesalers. . .I think we are worth that much in this industry."

Mike Hakala (Naknek): "I believe there should be a base price for salmon and I believe in a sliding scale."

Jim Bingman (Dillingham): "I think that this would be a good way for the state to help us if we had a base price and the canneries, the processors, could depend on this money (pack loans)."

Individuals testifying were about evenly divided on the question of the state's responsibility in setting a base price for unprocessed fish. Everyone concluded, however, that a comprehensive marketing study could provide the data needed to set a base price.

FOREIGN CONTROL

Considerable resentment towards foreign-owned processors was expressed by local residents, not only in the actual processing business but in marketing as well. Some individuals put it this way:

George Gottschalk, Jr. (Naknek): "At present there is no control over foreign ownership in the fisheries. For all practical purposes, the Japanese have a virtual stranglehold on Alaskan fishermen through market manipulation of all our fisheries products."

Jim Bingman (Dillingham): "I know the Japanese have taken over most of the canneries. . . I've watched them take over Togiak. They financed and got the processor. They got the processor to swallow the hook, then they jerked hard to set it. There's nothing the processor can do but step out and let the Japanese have it."

Thomas Crandell (Dillingham): "The marketing facilities are essentially controlled by the Japanese; there isn't an extensive marketing path for very much salmon into the domestic market."

PUBLIC SAFETY CONCERNS

Overall, the public safety problems encountered in the Bay during the 1980 season were downplayed by residents.

Most felt that the few violent acts that took place were distorted by the media. Some fishermen, however, did express concern that the Department of Public Safety overreacted to the potential for violence.

Fred T. Angasan (Dillingham): "Scare tactics by striking fishermen are mistaken by outside law enforcement officers and the press as acts of violence. For example, striking fishermen talking on their radio transmitters, saying things like telling how they would use guns if they had to, or possibly damaging a non-striking fisherman's net. These are not physical acts of violence, but simple scare tactics which is part of a process of expression in the development of an agreement leading up to a price settlement.

Joe McGill (Dillingham): "It's a sore point with a lot of people here that the Department of Public Safety to act as, I don't know if to call it goon gang for a lot of scab fishermen, that's the word everyone else uses, that did create a lot of hard feelings."

Joe Clark (Dillingham): "I felt threatened; this happened during the 1980 price dispute. Commissioner of Public Safety William Nix sent Trooper Carl Fraser to Clark's Point to inform my son, Kay Clark, and myself that if we harassed the processors we could be arrested, confiscate our boats, and might even be made to lose our limited entry permits."

Several individuals asked whether the administration planned to introduce legislation that would enable limited

entry permits to be revoked for acts of violence committed on the fishing grounds. Without exception, fishermen believed this to be an unfair and unjustifiable additional penalty.

SEAFOOD MARKETING

The concept of promoting Alaskan seafood in domestic markets was widely endorsed during the hearings, as one positive step the state is taking for the fishing industry. Typical remarks included:

Lyman Smith (Dillingham): "I see this segment (fresh fish) as the weakest segment in the market. Where else in the world can you address the numbers of people that you can in the United States that have average incomes to afford this product in such numbers as you can in the United States; and I think that this deal (Alaska Seafood Marketing Institute) that the state has going on to get involved in promotion, the market is going to go a long way toward alleviating these problems."

Jack McBride (Dillingham): "Funding of programs such as the Alaska Seafood Marketing Institute is another positive way the State can involve itself. Obviously if the demand for salmon is high, the price will also be good."

PACK LOANS, AARC, CFAB

Many fishermen resented the State's financial involvement in the processing industry, not only with direct pack loans to companies involved in price disputes, but also through the Alaska Renewable Resource Corporation and the Commercial Fishing and Agricultural Bank loans.

Robin Samuelson (Dillingham): "Ball Brothers borrowed 4 or 3 million dollars from AARC, from the state, my money . . . and paid 40 cents to 35 cents and still haven't paid off their fishermen. . . I think that's criminal."

Joe McGill (Dillingham): "Last year, in my opinion, and I think the whole audience thinks the same way, our worst enemy was the state. In the first place, they financed a bunch of packers that won't pay the price and we couldn't even get them to the negotiating table to talk to them and discuss prices."

George Gottschalk, Sr. (Naknek): "I think the state should quit backing the processors. . . backing the processors up here buying 30-cent scab fish before the price is settled . . . The state backed Icicle Seafoods, and I don't know how many other foreign processors they backed."

Harvey Samuelson (Dillingham): "It (pack loans) should go to real American processors, not their buddies from across the sea. . . After they caught 700,000 fish (reference to 1981 High Seas catch), Jay Hammond shouldn't give them one penny."

Prepared by:

Kevin K. Bruce
Committee Aide
Senate Judiciary Committee
March 9, 1981

Written testimony presented to the Bristol Bay Committee is attached.

2. BRISTOL BAY HEARING REPORT
JUNEAU

INTRODUCTION

To conform with the initial Bristol Bay Hearing Report, the supplement report is organized in the same fashion. Subjects examined have been consolidated and selected quotations used to illustrate the concerns of persons testifying before the committee.

Recommendations from the committee are not contained within this document, but will be made in the transmittal letter of both reports to Senate President Jalmar Kerttula.

HEARINGS

The hearing board in Juneau consisted of:

Senator Sturgulewski
Senator Rodey
Representative Chuckwuk
Representative Hurlbert

The Governor's Task Force was represented at the March 16th hearing by Avrum Gross and Commissioner Nix.

Two hearings were held in Juneau to conclude the committee's inquiry. The first was conducted on March 16th from 1:30 P.M. to 4:35 P.M. The hearing was attended by approximately forty individuals. The committee heard testimony from:

Rodger Painter	Eric Eckholm
Sidney Smith	Jim Eaton
John Garner	Mitch Kink
Hank Ostrosky	Archie Gottschalk
	Ray Smith

The second hearing was held on the following Thursday, March 19, from 3:40 P.M. to 5:45 P.M. The committee heard comments from:

Val Angasan	Jack McBride
Phil Daniels	Sidney Smith
Dean Paddock	Chip Toma

ISSUES

PUBLIC SAFETY CONCERNS

The presence of violence on the fishing grounds was without a doubt the most hotly contested issue by all parties, and consumed a substantial portion of the hearings. As indicated

in the original hearing report (see attached), residents of Bristol Bay generally downplayed the issue during the hearings in Dillingham and Naknek. Other bay fishermen, notably those members of the Bristol Bay Fishermen's Marketing Association, presented a conflicting view of the situation. Their testimony indicated that violence, and intimidation, was directed at fishermen harvesting salmon before the general price settlement, and was a dominate aspect of the season.

Both sides testified extensively on the violence issue in Juneau:

Jim Beaton -

"...I truly feel that one reason there is a lot of this downplay (of violence) is just purely fear and intimidation; no more and no less. I talked first-hand with some people who were closely involved in some of these incidents; one of them had a gun held on him, and one who had his fish thrown over, and I urged them to come forth....and he told me that he was afraid for his family and his kids..."

Dean Paddock -

"...I think there was a tremendous potential there for the lid to blow off; the potential of threat was great. I'm just thankful nobody got killed, and they could have. It was very close, a very iffy thing. I saw people behave irrationally, and I saw mob psychology working..."

John Garner -

"There's a gray area there and where you draw the line and where I draw the line may well differ between scare tactics and violence...We want you to know that there were many fishermen who sat on the beach out of fear for exactly the kinds of reasons that you will hear on the tape."

(Reference to a tape submitted by Garner, transcript attached.)

Chip Toma -

"...I find it highly ironic that the very same fishermen who made limited entry such an emotional issue in 1973 are doing the same to the legislature of 1981 regarding violence. They are the only fishermen who are dragging this line through the water..."

Roy Smith -

"I wasn't bodily drug off the grounds, but I was circled, told that my boat should be sunk, that I was on their list and that they had taken pictures of me, I was going to have my picture on their so-called bulletin board, that I would definitely not be forgotten."

(speaking about an incident at the Dillingham Boat Harbor)

"He did say later that he had a flare gun and I saw him throw the oil in the boat and said he wanted the captain to show himself and he was going to kill him, that he was going to tear his heart out. He said, "I'm going to count to 10 and if you don't show yourself I'm going to torch your boat."

Jack McBride -

"The violence issue began here in Juneau and, has been--and still is being--perpetuated right here in Juneau. Here in Juneau, is where you hear about the violence--not in Bristol Bay."

MARKETING STUDY

Again, as in the initial hearings in the bay area, considerable support was given to a state funded marketing study to provide information to fishermen and processors prior to price negotiations.

Phil Daniels -

"Processors are much more sophisticated in dealing with the market. They know what's happening to a degree that the

fisherman can only speculate. That's the reason the marketing analysis is so important. You've got to have this information in the hands of the fishermen, and then maybe the fishermen will have a better opportunity to arrive at rational requests as far as price is concerned."

Rodger Painter -

"I'd like to emphasize that probably the best thing that the State could do is to provide some realistic analysis of world market for salmon, and I do think it's the State's responsibility."

Jim Beaton -

"First of all, of course, the marketing study; it really isn't to my advantage, but I don't have any problems with that. I think that it is probably a step in the right direction, providing that any one man could ever really understand the market."

Jack McBride -

"The state should also fund a study which would supply information which would be credible to both processors and fishermen. This study should include such things as, "how interest rates relate to the price fishermen get for their fish, what does the fresh frozen market do in relation to the canned market, how does the yen/dollar relationship effect the price of salmon, what does it cost to hold an inventory of salmon in anticipation of a higher price and how are other markets other than the Japanese effecting the price of salmon, and where can we find other markets."

Mitch Kink -

"A comprehensive study of World Markets for Bristol Bay sockeye salmon should be conducted by an independent economic consultant who does not work and has not worked for fishermen or processors to have a positive effect on an early settlement

of fish price in Bristol Bay the study should be completed by mid April. This means the process for implementation should be initiated as soon as possible."

FOREIGN CONTROL

Resentment towards the dominance of foreign-owned processors surfaced in Juneau, although not to the extent that it was expressed in Bristol Bay. Some individuals described it this way:

Archie Gottschalk -

"The marketing, financing, and processing aspects of the fisheries are predominantly controlled by foreign corporations, especially Japanese corporations: they determine the volume of salmon they want to pack, and as we have seen over the years, the price that they want to pay."

Hank Ofcrosky -

"...The direct intervention by the state into the leaning practices of directing 75 million dollars to Japanese cartel instruments that undermined the price structure in Bristol Bay and created the tension."

PROCESSING SHORTFALL

Regardless of where individuals stood on other issues, a universal attitude in all hearings was that processors had a vested interest in not processing all available fish. Typical comments on the subject included:

Sidney Smith -

"The big issue that I see happened in 1980 was, all of a sudden, you've got a scare of saying that the market was going to be over-flooded which was correct. Japan only needs about 22 million to provide for their whole marketing system. Anything above that is excess."

Jim Beaton -

"...everything is on the side of the processor, don't

kid yourself there; the longer they go, the less volume; the better they are going to come out on their pack anyway. The whole thing is almost a stacked deck."

Phil Daniels -

"The industry estimated that they could process 37.1 million fish. I'm not sure those figures are correct, but I believe in a year when you have such substantial surpluses of fish, as we had last year; we're looking at 40 million sockeye coming back in Bristol Bay alone, there's every reason to suspect that many processors simply didn't want to harvest all that product."

Mitch Kink-

"...when a company has said that they have put 50,000 cases, this year they are going to put up 60,000 cases whenever they can, they have got so many boats, they are going to catch so many fish, I think this is poppyrot."

INFRASTRUCTURE

As would be expected, infrastructure needs of Dillingham were not discussed extensively in Juneau, however two individuals stressed those concerns like this:

Chip Toma -

"Implement some of the transportation improvements in Bristol Bay that will assist fish movement; airport lengthening and repair, docks and roads. This will increase healthy competition in addition to the ability to process more fish."

Jack McBride -

"Finally there are many shortcomings in the local infrastructure of Bristol Bay. These would include lack of docks, lack of adequate runways, lack of decent roads, lack of land, lack of harbors, even lack of access to adequate land."

STATE ROLE IN NEGOTIATIONS

Several persons felt that the state was not going far enough in its perceived role in Bristol Bay negotiations. Comments varied in scope, but many individuals expressed a belief that, without active state involvement, the industry would lack the means to overcome the procedural problems of negotiations.

Rodger Painter -

"Why have there been plans formulated to deal with violence in Bristol Bay when nothing has been done to head off a confrontation? I think the state has taken the wrong approach to this situation and should be trying to solve the problem up there, not to deal with a potentially-violent situation."

Val Angasan -

"The administration,...they haven't offered to step in and play a real part in the management of that resource."

Jim Beaton -

"I frankly would like to see the other things I mentioned: the vertical integration, the cooperative venture, the check and balance system that would prevent all of this stuff from happening, in lieu of the police force going up there...but until that comes about, and I don't see it coming about this year, I don't see where we can do anything except create at least an atmosphere where people will not be killed."

Mitch Kink-

"Set provisions for successful negotiation from free negotiation with deadlines, to mediation, to binding arbitration. The party that does not follow these provisions and deadlines as set down by the State of Alaska should be penalized.

Phil Daniels -

"The idea that we are going to have some prevailing, rational solution occur if it's simply left up to the fishermen

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BRISTOL BAY HEARING REPORT

and the processors does not seem, to me, reasonable. I do not think we are going to reach a solution in Bristol Bay unless the State takes a real interest in this negotiating process.

Prepared by:

Kevin K. Bruce
Committee Aid
Senate Judiciary Committee
March 25, 1981

Written testimony or documents presented to the committee are attached.

PART 3.

Written testimony and documents presented to the Committee

TESTIMONY

presented to

JUDICIARY COMMITTEE
&
GOVERNOR'S TASK FORCE

in
Dillingham, Alaska

on
February 28, 1981

TESTIMONY

of

Kay E. Larson
Deputy Director
Bristol Bay Native Association

There are many kinds of people who participate in the Bristol Bay commercial salmon fishery. There are the doctors and lawyers who take a month's vacation from their regular jobs and fish for a "change of pace." These doctors and lawyers are, of course, happy if they can make a profit in the fishery but don't mind too much if they lose money because that gives them a good tax write off.

There are the year-round fishermen who follow the fish from California to Kotzebue. Although these fishermen are looking for a profit in the Bristol Bay fishery, they can stand a loss because they have incomes from the other fisheries in which they participate.

There are the few local fishermen who fish during the summer and then work all winter. These fishermen are also looking for a profit in the fishery but can survive on their winter jobs.

But the majority of our local fishermen have absolutely no other alternatives available to them--their entire year's income is derived from the commercial salmon fishery here in Bristol Bay. They are 100% dependent on the fishery because there is very little employment in the villages. The employment that is available is mostly provided through BBNA's CETA program (and I'll speak about our federal programs later). These fishermen, who are 100% dependent on the fishery, have a very different view of the fishery than that fisherman who comes here for a vacation and a tax write-off. The decisions

you make about the fishery should be based on these 100% dependent fishermen

In 1977, the price of fish was 59 1/2¢ per pound and the price of gasoline was 60¢ a gallon. During that time, a fisherman could buy a good, new boat for \$50,000. In 1980, fish were bringing 57¢ a pound. But gasoline had gone up to \$1.25 a gallon and boats were up to \$80,000 to \$100,000. The price of fish has not kept up with our expenses.

There has been a lot of talk and concern expressed about canneries being able to make a profit. As fishermen, we are also concerned that canneries make a profit. Our future depends on them being healthy and we know it. BUT as fishermen, we, too, must make a profit. We cannot make a profit when our expenses are increasing at a much faster rate than our income. Economic returns to the fishermen must be considered as well as economic returns to the processors.

Last year there was also a lot of talk that fishermen should have been willing to take a low price for their fish and make the difference up in quantity. As fishermen who have worked with the canneries for many years, we knew this possibility would not be open to us. We knew that canneries would not increase their production and this proved true. Canners have long operated with the "small grocer" attitude--a small amount of turnover in stock and their profit made on a resultingly large mark up. Processors have known for several years that the resource was on the rise. They should have changed their thinking to a "Safeway" attitude--a bigger turnover and profits based on quantity. Even though Fish and Game has predicted these good years, we have not seen a great deal of gearing up by the processors so that they would be ready for them. We have not seen Bristol Bay salmon advertised like "Charley Runa." We have not seen the import of equipment to increase the lines in local canneries. In fact, we have not seen any gearing up in

preparation for these good years. We knew that processors would not be able to handle all of the fish and we knew that we could not make up the difference in price by selling more fish.

The State's idea of a market campaign to sell more Alaskan seafoods is a good one. It is a responsibility that processors have long avoided. Processors should have been out there a long time ago building up their markets and selling their products. In these days of greater amounts of salmon, processors should change their thinking from the "small grocer" to the "Safeway" attitude and get out there and really push their product.

The economic situation in Bristol Bay may become even more dependent on the salmon fishery than it is now. BENA has been able to provide CETA jobs in the villages with federal funds. Although the wages under CETA are not comparable with a doctor's or lawyers' wages, the CETA job does provide survival during the winter. BIA General Assistance has also been a means of survival. With the present administration in Washington, D.C., we are anticipating cuts of more than \$1 million in federal monies which go to the people in the villages either in CETA wages or General Assistance. With cuts this large, the fishery becomes even more crucial. The number of 100% dependent fishermen will grow and the amount of dependency on the fishery will increase.

Bristol Bay fishermen have made many sacrifices in the fishery through the years. When the resource was down, they sat on the beach and tightened their belts the following winter. In those years, market prices were up and margins of profit to the processors were large. Fishermen accepted a depressed price last year even though their operating expenses had continued to rise. After the settlement, market prices went up steadily which should have been a big help to processors. As fishermen, we are willing to make

some sacrifices but we cannot continue to be the ones making the biggest and longest sacrifices. During planning for the fishery or during price negotiations, the main concern always seems to be the viability and economic return to processors. Fishermen are businessmen, too, and their margin of profit must be taken into consideration.

Perhaps more competition on the processing side would make for a healthier industry. Competition in any industry is always healthy. State funding which would encourage the development of this competition could be a possible solution. Such funding should include new docks and airport improvements which would make it easier for new processors to come into the Bay. State funding should also include loans to newly developing processors. If the State will build new docks and improve our airports and will loan money to new processors, development of the fishery should be greatly encouraged. It appears that the only real answers lie with processors and a change in their attitude.

The decisions you are going to make will have a tremendous impact on the economic viability and returns to fishermen as well as processors. Please remember that fishermen are businessmen, too, and that their margin of profit must be taken into consideration.

Thank you.

A POSITION STATEMENT
BY THE
BRISTOL BAY NATIVE ASSOCIATION
TO THE
JUDICIARY COMMITTEE
AND THE
BRISTOL BAY TASK FORCE

"Violence Related to Bristol Bay Salmon Price Settlement"

My name is Fred T. Angasan. I am Executive Director of Bristol Bay Native Association, and I have also been a commercial fisherman in Bristol Bay for twenty-eight years. Strikes related to salmon price settlement have occurred in Bristol Bay virtually every two or three years. Therefore a strike situation between the fishermen and the processors is not an unusual occurrence.

I have vivid memories of one particular strike that happened in nineteen-sixty-nine. This strike was unusual in the means the fishermen used to form a picket line. A picket line was formed by approximately four-hundred fishing boats, which stopped fishing boats from going out the Naknek River to the fishery. In this situation scows still crossed the picket line without inflicting damage to any of the fishing vessels. Fishermen that did cross the picket line to fish were treated in a hostile manner by the striking fishermen. One particular boat returned from the fishing grounds with a large load of fish. Striking fishermen boarded his boat and painted the word "SCAB" on his boat with black paint. This incident was significant as the next day the striking fishermen came to an agreement with the processors. This fisherman was not physically harmed, nor was his boat damaged. In all the twenty-eight years of my experience fishing in Bristol Bay, no outbreak of violence has ever occurred. Violent situations that have taken place were individual confrontations that usually took place in Naknek bars.

In the 1980 strike which became needlessly long and tense, a number of picket lines were formed on the Naknek

and Nuahagak Rivers by hundreds of fishing boats in front of the Witney-Fidalgo cannery, which lasted several days. The striking fishermen used this means to stop cannery tenders from delivering salmon to the processing facility. This situation was very similar to the nineteen-sixty-nine strike with the exception that in nineteen-eighty, fifteen Alaska State Troopers were dispatched to the Naknek, Nushagak area. The Alaska State Troopers threatened the striking fishermen, stating that if violent situations did break out, they would confiscate their boats, gear and fishing permits.

Scare tactics by striking fishermen are mistaken by outside law enforcement officers and the press as acts of violence. For example, striking fishermen talking on their radio transmitters, saying things like telling how they would use guns if they had to, or possibly damaging a non-striking fisherman's net. These are not physical acts of violence, but simple scare tactics which is part of a process of expression in the development of an agreement leading up to a price settlement. The most serious problem in a strike are the scabs, not a direct confrontation with the processors.

The Alaska State Troopers and the media create violent situations by over reacting. Therefore in closing I caution the Judiciary Committee, and the Bay Task Force not to over react to the negotiation process or to strike situations. The Judiciary Committee and the Bristol Bay Task Force must stay within it's legal boundaries and confine it's efforts to the legal process and constitutionality.

STATEMENT BY

ANDREW GOLIA
COMMERCIAL SALMON FISHERMAN

Before the Bristol Bay Task Force

Dillingham, Alaska

February 28, 1981

Madame Chairwoman, Legislators, and Task Force and staff members, my name is Andy Golia, and I'm resident of Dillingham, having been born and raised in this community. I'm a commercial salmon fisherman, and during the winter months, I work as an Economic Planner with the Bristol Bay Native Association, the regional non-profit corporation based here in Dillingham.

Over the last year, I've served as a board member for the Western Alaska Cooperative Marketing Association (WACMA). Currently, WACMA is in the process of their annual election of their board, and I have been nominated for re-election to the board. In any case, because of the current litigation between WACMA and the State of Alaska, my testimony does not reflect my feelings as associated with WACMA. My testimony only reflects my feelings as a commercial salmon fisherman.

Briefly, I'd just like to say that I believe the Task Force and you legislators here should immediately endorse and try to secure funds to complete a market conditions study on Bristol Bay salmon. There has been some discussion locally about this idea, and I believe that fishermen in Bristol Bay would agree to this concept. I feel this study is highly important and could lead to an early price settlement in Bristol Bay.

The study should be conducted by a national or international

marketing firm which is reputable in the area of fisheries. The firm that is selected to complete the study should be reviewed and endorsed by the majority of the Bristol Bay processors and the fishermen associations. Perhaps, at least three (3) or five (5) reputable firms should be recommended, and then a deadline set for one (1) to be selected to conduct the study.

The study should examine the current market conditions for Bristol Bay salmon on the world market, and make projections on the expected market conditions for salmon up to the 1982 commercial season. The study should reveal the market situation for Bristol Bay salmon in Japan, Europe, and the U. S. domestic market. In essence, the study should reveal a fair price that fishermen should get for canned and fresh/frozen salmon, taking into consideration all the different market factors on the world market.

The completion of this independent study should give an idea to the Task Force, the Governor's Office, and the State Legislature on who's being fair and unfair in the price negotiations between processors and fishermen. We have heard that Governor Hammond would work to allow foreign processors into the Bay if the domestic processors don't offer a reasonable price to the fishermen. Likewise, we have also heard that if the fishermen are demanding too high of a price, then he would attempt to get fishermen into the Bay who want to go fishing for a lesser price.

I think the importance of this study is that it will give processors and fishermen a starting point in price negotiations this upcoming season. At least it will give the processors and

fishermen something to work with. Most of all, it would point out who's being fair and unfair in the price negotiations here in Bristol Bay.

In conclusion, because of the time constraints, and if this Task Force and you legislators agree upon the study, to expediate things, I would establish a time frame for the processors and fishermen associations to review and comment upon the selection of a marketing firm. The study should also be accomplished as soon as possible.

That concludes my testimony.

Thank you.

March 1, 1981

Madam Chairperson:

At present there is no control over Foreign Ownership in the fisheries. For all practical purposes the Japanese have a virtual strangle hold on Alaskan Fishermen through market manipulation of all our fisheries products. Our laws are not able at present to regulate Foreign ownership percentages. I suggest the Legislature's both Federal and State seriously attempt to secure laws that would limit the amount of Foreign ownership in the companies that are supposed U.S. Corporations. With this in mind we as citizens would realize more of the true value of our Fisheries Resources.

At present under Foreign treaties they can arbitrarily hold down fish prices onshore, say that we are not fully utilizing the fish and ask and most likely obtain an offshore allocation.

The Japanese government is the bank for their corporations involved in the fisheries, at present (I believe for 3%).

At our present 19½% prime interest rate and the exchange rate of yen per dollar, the Japanese Corporations really have our legitimate National Companies between a rock and a hard spot as far as competitiveness is concerned.

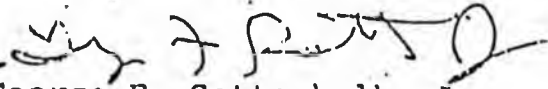
Our Permanent Fund should be more aggressive in assisting companies that are wholly owned Alaskan or Domestic owned Corporations, that are interested in developing Domestic Markets.

Transportation is also a hinderance for the sake of total fisheries resource realization, special tariffs should be pursued.

Regional Boards should be established to handle Regional situations as far as Management initiatives are concerned.

At present it is unfair to ask a Statewide Board to make prudent decisions for such a large area as Alaska.

In cases such as a bumper or high cycle years especially in Bristol Bay, Foreign processors should be solicited for maximum use of our salmon resources and for the sake of increasing processing capabilities which would ultimately allivate much of our quality control and market problems.


George F. Gottschalk, Jr.
P.O. Box 132
Naknek Alaska 99633

STATEMENT BY JACK MCBRIDE
P.O. BOX 10222
DILLINGHAM, ALASKA 99576

Madam Chairman, Legislators, Members of the Task Force and Staff, my name is Jack McBride. I am the Manager of the Imapik Regional Aquaculture Corporation.

First of all, we certainly want to thank all of you who have taken the time from your busy schedules to come here to Dillingham to listen to our concerns and suggestions. We know you'll go back to Juneau with a much better idea of our human feelings that would be impossible to express in letters and phone calls. We hope that you are bringing us a better understanding of the problems too, and some of the possible solutions.

We would like to let you know too, that KDLG has done an excellent job of informing the public of these issues, through, not only announcements, but also a number of discussions of the problems throughout this past week.

I'd like to quote from an article on page 19 in the July, 1980 issue of the ALASKA FISHERMAN'S JOURNAL which I have marked Exhibit A.

"The Japanese market has not collapsed nor are 1979 salmon inventories in Japan currently at abnormally high levels nor is the yen/dollar exchange rate the least unfavorable to Japan."

"As we reported last month in "Japan Marketplace," Japan is likely to import more salmon in 1980 than it did last year. The domestic catch in Japan is expected to be down sharply and last year's frozen inventories have been largely sold off."

STATEMENT BY JACK HORTON
P.O. BOX 10222
DILLINGHAM, ALASKA 99576

Page Two

This article was written by David Keene and Brent Evans who are both fluent in Japanese and have lived, studied, and worked in Japan. David Keene is a marketing consultant in Japan and represents a chain of Japanese seafood restaurants. Brent Evans had recently worked for two years at a Japanese economic research firm in Tokyo.

This issue of the ALASKA FISHERMAN'S JOURNAL would have arrived in most fishermen's mail box during the height of Bristol Bay's price negotiations. Do you think that if this was the information that you had available to you that you'd find it just a little hard to accept the fact that you were going to be paid 40¢ per pound for fish that you had got as high as \$1.25 per pound one year earlier?

I think this points out that there were other facts in the "mix" or someone was misinformed or that indeed fishermen were not paid a reasonable price for their fish.

A State funded study by a firm that could supply credible information to both the fishermen and processor would go a long way to establish a price range within which both the fishermen and processor could feel comfortable to negotiate. This study should include information like the relationship of the yen to the dollar, interest rates, transportation costs, etc. This, I believe would be one positive way the State of Alaska could involve itself in a positive way.

Funding of programs such as the Alaska Seafood Marketing Institute is another positive way the State can involve itself. Obviously if the demand for salmon is high, the price will also be good.

STATEMENT BY JACK MCUREDD
P.O. Box 19822
DILLINGHAM, ALASKA 99576

Page Three

Finding ways of lowering costs such as transportation is certainly another positive action. Providing easily accessible docks, improved runways and reasonable roads systems would lower the cost of production.

Marketing alternatives could be explored that fishermen could apply in attempting to solve their marketing or market-related problems. These would include organized exchanges, vertical integration and joint ventures, marketing boards, and others.

I also believe that the Governor's Task Force or whatever instrument is established to correct these problems, should not be disbanded as different problems arise each year and each year requires a little different approach to the solution and a Task Force responsive to these needs may very well prevent problems such as occurred in 1980 Bristol Bay, the State, and indeed, the world cannot afford to waste in excess of 100 million pounds of salmon as we did in 1980.

Thank you.

Japan's dominance: realizing the US role

Alaska fishermen are being asked to bite the bullet this year on a salmon price. Justifiably, perhaps, but not for the reasons frequently reported these days to fishermen. The Japanese market has not collapsed nor are 1978 salmon inventories in Japan currently at abnormally high levels nor is the yen-dollar exchange rate the least unfavorable to Japan.

As we reported last month in *Japan Marketplace*, Japan is likely to import more salmon in 1979 than it did last year. The domestic catch in Japan is expected to be down sharply and last year's frozen inventories have been largely sold off. Even allowing for a much higher than reported catch level from Russian waters, Japan will be looking to buy as much as 70,000 metric tons (1979 import total was 51,697 mt). Added to this, a sharply rebounding yen over the last two months has strengthened the buying power of Japanese seafood importers, making U.S. seafoods purchased with dollars less expensive.

With Japan's market conditions conducive to large volume imports in 1980, this year's sockeye prices reflect more the strong bargaining position of Japanese buyers than real demand.

To be fair, it needs to be reiterated that 1979 was a very bad year for the Japanese seafood industry as a whole. Too much seafood was purchased at too high a price, and many firms, importers, wholesalers and retailers, suffered losses. Importers in particular are still being criticized in the Japanese press for speculative practices which further tarnished the industry's image with the Japanese public.

Anxiety in Japan caused by the adoption of 200-mile limits around the world had a lot to do with the prices they were willing to pay for U.S. fish in 1978 and 1979.

Last year's financial setbacks and public criticism have brought Japanese fish importers back to earth, leading to a reevaluation of both their bargaining position with the U.S. and the price they would pay for salmon.

In short, major Japanese buyers know that as long as the U.S. relies solely on them to buy, import and market fish in Japan, they can impose terms weighted strongly to their advantage.

When looking for someone to blame for the present hard times it is almost axiomatic that the accusing finger be pointed at Japan. Our complaints run something like: "It's no wonder we're not getting anything for our fish—the Japanese have a stranglehold on the whole industry," or "To get us hooked they come in one year offering to buy all our production at any price. Then once they have us where they want us they demand higher quality product at outrageously low prices. The big Japanese companies had it all figured out in advance. It's nothing more than out-and-out conspiracy."

Such complaints are noteworthy not for the amount of truth they are based on but for the disquieting traits they reveal about our trading position with Japan. Our relation-

Brent Evans & David Keene An Analysis

ship can be spelled out in three adjectives: adversary, passive and rogued.

The Japanese— adversary or customers?

It is a paradox that we, the sellers, have come to regard the Japanese, the buyers, more as adversaries than customers. An adversary is someone you approach with suspicion, whereas a customer is someone you approach with the desire to serve. In dealing with an adversary you are primarily interested in his motives and how a particular action of his could damage you. In dealing with a customer you are primarily interested in his needs and how his actions could be adapted so as to maximize mutual profitability. Interaction with adversaries is essentially combative, whereas successful interaction with customers is keynoted by cooperation.

It is not difficult to perceive that our fundamental outlook towards the Japanese as adversaries/buyers instead of customers/buyers is unhealthy and counterproductive. If it continues to persist it will severely retard the growth of a relationship that has the potential of being staggeringly profitable for both sides.

Passive seller vs. active buyer

The second characteristic of our position as sellers of seafood products to Japan is passivity. To us, passive seller is a contradiction in terms. A seller is supposed to be aggressive. To be successful, he must first go out and get a feel for the market and then capture it by carrying out a carefully designed plan of attack based on his findings. However, in looking at what has been happening in our industry over the past several years, we see that the Japanese—the buyers—are the ones who have grabbed the initiative. They have established permanent representation here and have been aggressive in appropriating capital for acquiring, modernizing and expanding processing operations.

The hugeness of their presence in our industry to the point where they can effectively dictate prices and terms to us did not come by accident. It is the fruit of long-term planning and single-minded efforts to cope with anticipated seafood shortages caused by the world-wide move to declare the 200-mile economic zone. Viewed in this way, their presence here is nothing else but the result of good sound business practice—doing what one has to do in order to secure a reliable source of supply.

Unfortunately, we have contented ourselves with being "passive ob-

jectives at high prices, and it was hard to visualize circumstances in which the show would be on the other foot. Why go to the expense and bother of fighting all the way over to Japan to recruit customers when all we have to do is run our legs down a convenient list of phone numbers for the hostile offices of Mitsubishi, Taiyo, Nippon Suisan, Ichiro, Kyokuyo, Maruhon and other major Japanese buyers? This is the compelling bit of logic that made us passive sellers.

It is a vulnerable role indeed. The seller who opts for passivity will eventually be dominated and taken advantage of by a set group of buyers. This is particularly true when the buyer-seller relationship is essentially an adversary one. Our position is further clouded by our reliance on these major importers to market our products in Japan. If they do a good job, fine. If not, then our products are discredited in the eyes of those who consume them. In last month's *Japan Marketplace*, we pointed out that fish imported from the U.S. (Yuniyamon) is not held in very high esteem by the Japanese public, a circumstance which indicates that the marketing job being done is far from satisfactory.

Resignation

The third underlying feature of our position vis-a-vis the Japanese market is resignation. Although obviously dissatisfied with the way things are, we nevertheless continue to find excuses for inaction and thus acceptance of that status quo is our dealings with Japan.

"Corporations like Mitsubishi and Taiyo are too big and too sophisticated—it's impossible for us to compete with them on their home turf."

Recognize these statements? They belong to the conventional wisdom shared by businessmen from many other industries besides our own. It has as its fundamental tenet the belief that the United States, especially Japan, is surrounded by an impenetrable shield of mystery and will forever remain inscrutable to Westerners. Thus it is that in venturing our opinion about the one-sidedness of our buyer-seller relationship with the Japanese, there is never any mention made of possible countermeasures or plans of action which have as their goal the upgrading of our position to that of an equal. This lack of initiative is a sign that we have resigned ourselves to whatever fate has in store for us.

In the foregoing, we have attempted to outline symptoms of a malady besetting our industry. We maintain that there is a cure; namely, changing ourselves to cooperative, aggressive, determined sellers. This calls for a radically different approach to the Japanese market. We must begin to take responsibility for our own marketing instead of entrusting it to a small elite of major trading and fishing companies. In next month's editorial we will get into some concrete proposals for doing just that by taking stock of latent strengths in our position vis-a-vis the Japanese market and capitalizing on them. □

David Keene and Brent Evans are both fluent in Japanese and have lived, studied and worked in Japan. A marketing consultant in Japan, David Keene represents a chain of Japanese seafood restaurants. Brent Evans recently worked for two years at a Japanese economic research firm in Tokyo; he is currently general manager of the Journal.

Trollers' Lament

In the fog'sie, making up hootchies,
While the surf pounds over the rocks,
A hard-working man devises a plan,
While the ocean teases and mocks.

The salmon outsmarted us today,
As they have many times before,
And a Southeast gale made us turn tail
and find a snug little port.

It's an uncertain life, to say the least,
For on nothing can you rely,
You desperately wish to run into some fish
And a canner's wanting to buy.

It's a way of life that's passing away
In front of our saddened eyes,
Battling the ocean, in perpetual motion
In search of the kings we so prize.

For the fisherman adapts to the ocean,
And finds a way to survive,
But the constant frustrations of new regulations
May just be the net's demise.

For the trollers men't what they once were,
And they certainly need to do something,
They didn't foresee a depleted sea,
Tho they still might save the King.

And find a renewal of the troll fleet
In a few years, with a big run,
For with no fishermen here, there are no pioneers,
And the individual is done.

—Tommy Niklos
Winnipeg

TESTIMONY BEFORE SPECIAL JUDICIARY / BRISTOL BAY

SUBCOMMITTEE, JUNEAU, 3/20/81

MY NAME IS CHIP THOMA. I AM THE FOUNDER AND FIRST EDITOR OF THE UFA NEWSPAPER, THE ALASKAN FISHERMAN, THE PEOPLE AND PUBLICATION THAT BROUGHT THE ISSUE OF LIMITED ENTRY TO THE ALASKAN LEGISLATURE IN 1972 AND 73. I AM ALSO THE FIRST WRITER IN THIS STATE TO EXPOSE THE EXTENT OF JAPANESE OWNERSHIP IN ALL LEVELS OF THE ALASKAN ECONOMY.

ADDITIONALLY, I ASSISTED LAST YEAR IN BOTH SETTING UP THE FINANCING AND MATERIAL LOGISTICS FOR THE HERRING GILNET FISHERY AT CAPE ROMANZOF (VILLAGES OF CHEVAK, HOOPER BAY, SCAMMON BAY) AND I SUCCESSFULLY HELPED TO ARGUE THE EXCLUSION OF HERRING SEINERS NORTH OF CAPE NEWENHAM (TOGLAK) LEAVING THIS FISHERY TO PRIMARILY LOCAL INTERESTS.

I HAVE A FEW BRIEF COMMENTS ON THE BRISTOL BAY SALMON RUNS OF 1980 AND 1981;

- 1) ALONG WITH MANY OTHERS, I DECRY THE LOSS OF SALMON RESOURCE UP THE CREEK LAST YEAR, BUT I DO BELIEVE THE PRICE OFFERED TO FISHERMEN WAS TOO LOW. CONSEQUENTLY, I EMPATHIZE WITH THOSE FISHERMEN WHO HONORED THE STRIKE. AS I THINK WE'VE ALL LEARNED FROM THESE HEARINGS, THE INABILITY TO PROCESS THE CATCH IS DIRECTLY RELATIVE TO PRICE AND RELUCTANCE TO COME TO AGREEMENT IN A TIMELY MANNER.
- 2) ~~I FIND IT HIGHLY IRONIC THAT THE VERY SAME FISHERMEN WHO MADE LIMITED ENTRY SUCH AN EMOTIONAL ISSUE IN 1973 ARE DOING THE SAME TO THE LEGISLATURE OF 1981 REGARDING VIOLENCE. THEY ARE THE ONLY FISHERMEN WHO ARE DRAGGING THIS LINE THROUGH THE WATER, THE EXACT SAME INDIVIDUALS WHO EXAGGERATED THE CASE FOR LIMITED ENTRY IN 1973.~~
- 3) I'D LIKE TO REMIND THIS COMMITTEE THAT LIMITED ENTRY LEGISLATION WAS BASED ON TWO PRIME FEARS; THE RESOURCE DESTRUCTION FROM BAD WINTERS AND THE POTENTIAL OF TOO MANY FISHERMEN RELOCATING TO ALASKA FROM WASHINGTON STATE BECAUSE OF THE BOLDT DECISION.
BUT LIMITED ENTRY WAS NOT SET UP TO MAKE FISHERMEN A SEPERATE CLASS IN SOCIETY - IT WAS DONE TO PROPERLY HARVEST A COMMON PROPERTY RESOURCE OF THE STATE. A PERMIT IS JUST THAT.. A PERMISSION TO FISH. I SUGGEST IF ANYONE WANTS AN ADDITIONAL OR SPECIAL POLICE PROTECTION, THEY EITHER RUN FOR PRESIDENT OR START A CIVIL RIGHTS MOVEMENT. THESE ARE THE ONLY EXAMPLES IN SOCIETY I AM AWARE OF THAT SPECIAL PROTECTION IS WARRANTED.
- 4) THESE LAST POINTS I'D LIKE TO MAKE ARE RECCOMENDATIONS FOR 1981:
 - A) IMMEDIATELY INSTITUE A MARKETING STUDY. THIS COMMITTEE HAS BEEN ASKE TO DO THIS SINCE IT'S FORMATION. THE GOVERNOR'S TASK FORCE HAS BEEN ASKED TO DO SO SINCE NOVEMBER.
 - B) IMPLEMENT SOME OF THE TRANSPORTATION IMPROVEMENTS IN BRISTOL BAY THAT WILL ASSIST FISH MOVEMENT; AIRPORT LENGTHENING AND REPAIR, DOCKS AND ROADS. THIS WILL INCREASE HEALTHY COMPETITION IN ADDITION TO THE ABILITY TO PROCESS MORE FISH.

- c) I'D LIKE TO SUPPORT SOME OF THE POINTS MADE BY MITCH KINK OF AIFMA:
- a) A TIMELY MARKETING PLAN
 - b) DO AWAY WITH THE ONE BOAT, ONE COMPANY CONCEPT, BY A NON-DISCRIMINATION AGREEMENT BETWEEN THE STATE AND ANY PROCESSING COMPANY THAT RECEIVES A STATE LOAN, BE IT FOR PACK OR EQUIPMENT. THIS WILL ALLOW ANY BAY FISHERMAN TO DELIVER TO NEARLY ANY PROCESSOR, + WILL COMPLETELY CHANGE THE PRESENT WAY OF DOING BUSINESS IN THE BAY, FOR THE BETTER.
 - c) I AGREE THAT SOME ASPECTS OF BINDING ARBITRATION SHOULD BE IMPLEMENTED. IF THE STATE WAS READY TO MOVE THIS WAY, AGREEMENTS COULD HAVE TIME LIMITS AND PRICE RANGES TO ARGUE, NOT THE WIDE OPEN SPECTRUM AS IT NOW EXISTS.
- 5) LASTLY, TIE THE PROPOSED PACK LOANS FOR 1981 TO AN AGREEMENT SIMILAR TO THE ONE DEVELOPED IN THE SENATE LAST YEAR; THAT LOANS WILL BE WITHHELD UNTIL A FAIR, REASONABLE PRICE IS NEGOTIATED AND SIGNED WITH THE FISHERMEN'S ASSOCIATIONS. UNLIKE REPRESENTATIVE MALONE, I DO NOT CONSIDER THIS A SLEDGEHAMMER, BUT A HEDGE ON THE ABUSES THAT OCCURRED LAST YEAR. AS YOU KNOW, THE SAME FIRMS AND INDIVIDUALS WHO GOT THE LOANS LAST YEAR WERE THE PRIME ABUSERS OF FAIR PRICE, SETTLING UP WITH THE FISHERMEN AND THE MISUSE OF THESE LOAN MONIES, PRECISELY BECAUSE NO STRINGS WERE ATTACHED TO THE FINAL LOAN FORM.

FINALLY, I'D LIKE TO THANK THE MEMBERS OF THIS SUBCOMMITTEE WHO HAVE EXTENDED AN EFFORT TO SOLVE THE PROBLEMS OF THE WORLD'S GREATEST FISHERY, BUT LIKE MR. CHUCKWUK, I AM PUZZLED WHY THERE ISN'T MORE INTEREST ON THE PART OF OTHER MEMBERS OF THE LEGISLATURE. I COMPLIMENT KEVIN BRUCE'S SUMMARY REPORT OF THE SUBCOMMITTEE'S TRIP TO THE BAY AS IT SHOWS THE LEVELS AND MAGNITUDE OF THE RESIDENT CONCERNS.

THANK YOU

Chip Thoma

CHIP THOMA



UNITED FISHERMEN OF ALASKA

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SUBMITTED BY: RODGER PAINTER

Rodger Painter
Executive Director

RESOLUTION #81-1

March 11, 1981

WHEREAS the commercial salmon fisheries are vitally important to Alaska's economy; and

WHEREAS Bristol Bay sockeye catches are expected to account for more than one-fourth of the 1981 statewide salmon harvest; and

WHEREAS limited world markets for Alaska salmon products will be greatly influenced by the amount of sockeye harvested in Bristol Bay during 1981; and

WHEREAS there was strong disagreement over the condition of world salmon markets during the long, bitter price dispute between processors and salmon fishermen in 1980; and

WHEREAS the over-escapement of 21 million sockeye salmon in Bristol Bay during 1980 may sharply reduce survival rates; and

WHEREAS continued underutilization of the tremendous Bristol Bay salmon resources could result in a reallocation of the fish under international treaties to Japanese fishing fleets; and

WHEREAS Bristol Bay fishermen and processors have widely divergent views of the condition of world markets for Alaska salmon during 1981; and

WHEREAS all of Alaska's commercial salmon fishermen will be affected by the outcome of negotiations over the price of sockeye salmon in Bristol Bay; and

WHEREAS the State of Alaska has assumed the lead role in attempting to solve the complex problems leading to the price standoff in Bristol Bay; and

WHEREAS the State of Alaska has the responsibility for the sound economic management of the natural resources belonging to all citizens of the State

WHEREAS a first class study of world salmon markets would give fishermen and processors common ground for discussions of prices for Bristol Bay salmon and pinpoint the market value of the state's valuable salmon resource in Bristol Bay;

BE IT RESOLVED that the United Fishermen of Alaska believes the State of Alaska has the responsibility to fund a first class study of world markets for Bristol Bay salmon to help ensure full utilization of the resource and avoid the potential of losing the crucial salmon runs to Japanese fishermen.

MR. ~~Chairman~~ Chairman, Legislators and staff. I am Jack McBride from Dillingham, Alaska. I am the General Manager of the Imapik Regional Aquaculture Corporation.

The statements to follow are my own and do not represent an official position of the organization that I am employed by.

I am here today to ask you to think about where the violence in Bristol Bay starts. Several of you came to that area recently to listen to the citizens of Bristol Bay. Over 5 percent of the total population of Dillingham came to listen and express their views--over 10 percent of the total population of Naknek came to listen and express their views. The entire population of Bristol Bay in over 30 villages had the opportunity to call in during the meeting, which was being broadcast live by KDLG, Bristol Bay's radio station. Yet, not one person among them, told you that Commissioner Nix should send more peace officers up there--not one person among them, suggested that Limited Entry permits be revoked or restricted for certain acts of violence by fisherman.

Now I come to these meetings in Juneau and a number of people have testified that controls are necessary. Someone suggested that it was fear that prevented people in Bristol Bay from speaking up.

Many of these citizens have spoken up on other controversial issues--and even if they were fearful they spoke up anyway. I would find it hard to believe, as I'm sure you do, that there are over 5,000 cowards in a community that has one of the harshest natural environments in the United States--a community where survival is an every day fact of life. To suggest that not even one person would speak out, is an insult to those citizens.

The violence issue began here in Juneau and, has been--and still is being--perpetuated right here in Juneau. Here in Juneau, is where you hear about the violence--not in Bristol Bay. A handful of people are running up and down the halls of the capitol building taking up your time, telling you about this violence.

If you'll remember, you began hearing about this violence long before the 1980 fishing season, and these people were telling you about the threat of violence in 1981 before the nets were dry after the 1980 season

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They made you believe it too. I don't see one uniformed police officer at this hearing, nor did I see one the other day. Yet in both Dillingham and Naknek there were a number of uniformed police officers at the meetings. Police officers picked you up at the airports and escorted you to the meetings. There were five police vehicles sitting outside the meeting hall in Dillingham during the meeting. One police officer who didn't know me, obviously, offered to drive me to the hotel after the meeting. Now I've been walking to and from work for nearly two years up there and not once was I asked if I cared for a ride by a police officer. I hope you folks came away understanding that we, in Bristol Bay, are just as law abiding as the people in Juneau are. We believe in going through the political system as you do. We're just not as good at it.

I want you to think about who these people are who are taking up your time telling you about the violence. They tell us, in these hearings, of their leadership ^{ROLES} in the fishing industry's concerns--yet the majority of the fishermen are not telling you about the violence.

I would say that neither fishermen nor the residents of Bristol Bay are in favor of any new controls to prevent violence. Neither are they in favor of violence. New controls would only tend to "accentuate the negative" and will only tend to solidify any adverse positions that have occurred and would leave even less room for useful communication.

Fifty laws in Bristol Bay will not make a problem go away that was created in Juneau for a few peoples' self interest. The laws that Commissioner Nix now has at his disposal are adequate for all other situations and I believe they are also adequate to handle this situation, and we won't be assuming that it is only fishermen who might commit an act of violence.

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Whenever, we as citizens, find ourselves in an adverse position with another citizen our first reaction is to think that we are the one that is right, and that the law should settle the problem in our favor, which, of course, is the only just way. As the saying goes, "It depends on whose ox is being gored."

Situations such as this are political and always very sensitive, and we cannot expect to settle the problem by the use of an officer of the law, nor do they want to be put into the position of settling the problem, and we're wrong to ask them to. Do we want law officers to settle our political and social disputes? When we do that, we are a police state, and I don't think any of us would want that.

Bristol Bay salmon do not belong to any group of fishermen. Nor do they belong to all the fishermen. Nor do they belong to the processors. They belong to all of the citizens of the State of Alaska and it is the state's obligation to see that the salmon resource of Bristol Bay is utilized to its maximum, taking into consideration, good management practices.

Obviously when there is an over-escapement of 105 million pounds of fish, something is wrong with the system and the state has an obligation to find remedies, whereby, this situation will not happen again. Pointing fingers at different groups of fishermen is not the answer nor will pointing fingers at processors help. An honest assessment of the entire situation and its shortcomings needs to be undertaken by the state and then these shortcomings need to be addressed in a positive way.

I see at least three very definite shortcomings and there are more. They are: lack of markets, lack of processing capabilities and lack of infrastructure in the bay, to properly handle the resource.

The state took a big step this past year by funding the Seafood Marketing Institute. This is a positive step. When the market is right the price will be right.

Different methods of marketing should be analyzed--can we learn anything from other fishing countries or can we learn anything from the marketing of other commodities.

Processing capabilities should be analyzed, and are these facilities being fully utilized.

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Is it true that markets are being controlled by the amount of fish processed, and, if it is true, what can the state do about it.

Finally there are many shortcomings in the local infrastructure of Bristol Bay. These would include lack of docks, lack of adequate runways, lack of decent roads, lack of land, lack of harbors, even lack of access to adequate land.

The state should also fund a study which would supply information which would be credible to both processors and fishermen. This study should include such things as , "how interest rates relate to the price fishermen get for their fish, what does the fresh frozen market do in relation to the canned market, how does the yen/dollar relationship effect the price of salmon, what does it cost to hold an inventory of salmon in anticipation of a higher price and how are other markets other than the Japanese effecting the price of salmon, and where can we find other markets."

These are all things the state can do that are positive, and I'm sure there are others. Making new laws against violence will not correct the reasons why the salmon resource is not being utilized in Bristol Bay and will not even correct the violence. Let's do some positive things that will correct the problems, and there won't have to be any reason for violence, and the state will have maximized the utilization of the resource of Bristol Bay salmon for all of the citizens of the state of Alaska, and not for a chosen few for their own self interests.

From: Mitch Kink, General Manager A.I.F.M.A.

To: Senate Judicial Hearing Committee

Re: 1981 Bristol Bay Fisheries

The following are the recommendations and suggestions made by Mitch Kink (G/M - AIFMA) to Senate Judiciary Committee Hearings held in Nakneh, March 1, 1981.

1. The State of Alaska does absolutely nothing during fish price negotiations. But the different commissions should prepare a plan to be implemented when the need calls for such a plan. Example; If the safety of people is in jeopardy then the Public Safety Commissioner should put his plan to work, etc.
2. Set provisions for successful negotiation from free negotiations with deadlines, to mediation, to binding arbitration. The party that does not follow these provisions and deadlines as set down by the State of Alaska should be penalized.
3. Do away with the one boat, one company concept. Example: If one company settles for a price from Bristol Bay Salmon then everybody in the bay can sell to that company without any reprisals, on a first come, first served basis, and if any surplus salmon shows up in that Company's program, they must shut down that operation until all the salmon run can be utilized.
4. The State of Alaska will not issue any licenses to do business in Bristol Bay Fisheries until the complete cycle of doing business in the Bay Fisheries is completed.
5. Create a good climate for good and meaningful negotiations, by doing a feasibility study on the financial structure of Bristol Bay. This study should start with the financial history of the Bay to the present trends.
6. A comprehensive study of World Markets for Bristol Bay sockeye salmon should be conducted by an independent economic consultant who does not work and has not worked for fishermen or processors to have a positive effect on an early settlement of fish price in Bristol Bay the study should be completed by mid April. This means the process for implementation should be initiated as soon as possible.

ICICLE SEAFOODS GIVE THE FROZEN SHAFT TO BAY FISHERMEN

The Japanese "brokering Cartel" that controls Alaskan Fisheries has effectively used Icicle Seafoods of Petersburg, Alaska as the major processor to fix prices to Alaskan fishermen/producers in Bristol Bay and the rest of Alaska.

This Cartel operates on an international basis and is presently under investigation by the Anti-Trust Division of the Justice Department, Federal Trade Commission, Civil Rights Commission, and the Merchant Marine and Fisheries Committee of the U.S. Congress which is chaired by Representative Breaux of Louisiana.

In our own investigation of Icicle Seafoods, we found some very interesting relationships between major stockholders who hold important policy determining positions on Federal, State and International boards which aid and abet their manipulations of allocation and prices of salmon which benefit their collaboration in the Japanese controlled Cartel.

For instance, Bob Thorstenson is the largest stockholder of Icicle (whose parent company was Petersburg Fisheries and before that, Petersburg Fisheries Co-op) is a member of the International North Pacific Fisheries Commission (INPFC) that allocates salmon between the United States, Japan and Canada along a variable abstention line in the North Pacific and the Bering Sea. Gordon Jensen, also a major stockholder of record in Icicle, sits on the Alaska Board of Fish and Game and the North Pacific Management Council whose former Chairman, Elmer Rasmuson, owner of the Bank of Petersburg and the chairman of the Executive Committee of the National Bank of Alaska, also sits on the INPFC with Thorstenson.

This cozy cabal results in the control of the allocations of salmon in the international waters controlled by INPFC, then to the waters within the 200 mile limit Fisheries Management Zone of the U.S. controlled by NPFMC and then into the inshore waters controlled by the Alaska Board of Fish and Game.

When we received copies of the Debt Structure of Icicle Seafoods, we found that Mitsubishi International Fund, along with Hoi, a wholly owned subsidiary of Fuji Oil of Japan, had loans in excess of \$15,000,000.00 to Icicle and by using select banks in Alaska and Seattle, washed their money through the system so that the fisherman/producer subsidized the whole financial structure through which the Cartel group manipulated the allocations and the prices.

This scheme is resulting in the bankruptcy of many producer/fishermen and will further result in the excessive prices paid by the consumer/housewives in the U.S., Europe, Japan, and the rest of the world.

Even though Icicle Seafoods surfaces as an Alaskan/American owned Corporation, the control of its financing and marketing structure places it in full compliance and conspiracy with the Japanese agents of the International Cartel.

Further investigation discloses that American Counterpart Funds are washed through the Japanese banking system and then come back through Japanese processing companies to purchase American processing assets with low interest and no interest loans. These funds are also used as no interest loans to purchase fish by select corporations.

Involved in this price fixing conspiracy are major U.S. banks such as Crocker International, Rainier Bank, Seattle First, and Citibank of New York, to name a few.

These groups, along with American and European counterparts are involved in a multi-billion steal of Alaskan/American/Bering Sea assets, in which the victims are the legitimate fisherman/producers and the consumer/housewife.

The Administration of the State, along with select legislatures have been directly involved with the Japanese Cartel. The Governor's Office of Jay Hammond, under the direct control of Bill Spears, who, as a trustee of Alaska Renewable Resources, Corp. (ARRC) allocates large grants of money from the Permanent Fund to subsidize low interest/no interest loans to Icicle Seafoods to undermine the price structure of Alaska producer/fishermen. This further enhances the control of the Japanese Marketing Cartel.

To date over 13 million dollars of State tax money has been washed through ARRC specifically to fix a low price to the producer/fisherman.

Contrary to the eyewash article written by Bill Blessington of the Anchorage Times, this low price to the fishermen is not going to lower the price to the consumer.

Within two months, record-high prices for salmon will be paid by the consumer because of the international manipulation of the Cartel.

The huge profits that will be made by the processor/broker will not surface in Alaska or the U.S. The profits will surface in Japan where the distribution of the spoils can take place and defy documentation because of lack of a foreign "conflict of interest" policy by the U.S. or the State of Alaska.

The sell-outs and pay-offs reached into all levels of the fishing industry in the form of State and Federal subsidized loans, job offers, partnerships in various fish brokering schemes, and hidden fish prices to various administrative heads and board members of fisheries associations both resident and non-resident. (A fiscal and physical audit of the funds and assets by the Budget and Audit committee is long overdue.)

It was interesting to note that the resident and nonresident fishermen quit fighting long enough this year to realize that they were both being screwed by their own agents brokering what little organization that was left, for their own personal accounts.

The flagrant machinations of Phil Daniels, special consultant lobbyist for the United Fisherman of Alaska (UFA) along with Bob Blake, UFA president from Cordova, is an embarrassment to the members of that organization. A major reassessment of that organization and its priorities are in order if they are to continue as a force in the fishing industry of Alaska.

The direct involvement of both Daniels and Blake in price fixing and organization manipulation with Icicle Seafood will give students of Alaska fishing history an insight into the takeover of the Petersburg Fisheries Co-op by the present majority stockholders of Icicle.

The Alaska Independent Fishermen's Marketing Association (AIFMA) -- whose initials by a strange coincidence can be manipulated to spell MAFIA -- is also going through an organizational change with charges and counter charges of "sell out" against its former administrative officers and board members who discreetly resigned at the insistence of the majority of its members. This fishermen group is going through the agonizing discoveries of how it was screwed. Its leadership and all the basic information on industry cost figures but chose to use the dubious information of a consultant, Richard Wilson, a former City Manager of Cordova, who used his share of the \$25,000.00 AIFMA marketing study money to set up a fish buying station at Paul's Creek to buy cheap fish at 40¢ a pound from AIFMA, WACMA, and UFA scabs.

The three major factions that control AFIMA, the Italian, Scandinavian and Yugoslavian representatives are now eyeballing each other and the representatives of these groups are endeavoring to keep the fishermen apart and from comparing notes. They have good reason to believe that if the fishermen really start talking to each other the feeling of getting screwed is the same in any language or any culture.

The wholesale political brokering of their membership for the benefit of a few so called "leaders" may result in the realization that could lead to a legitimate fisherman/producer Co-operative being formed capable of serving their direct economic interest.

The eyewash Alaska resident contingent of AIFMA, which has never been seriously considered in the past, is also under direct fire. It is interesting to see what excuses they will come up with especially those wheel dogs acting as leaders who were involved in the price fixing/manipulations.

All in all , the Bristol Bay News will have an interesting time reporting and analyzing the unfolding future fishing scenario.

BRISTOL BAY NEWS
26 July 1980

Excerpts from tapes of radio traffic on the Naknek River on Saturday, June 28, 1980.

Prepared aboard the Department of Public Safety surveillance vessel, M/V Vigilant, Capt. Lockman in command.

The excerpts are in chronological order from a single 90-minute tape, highlighting the most relevant conversations. Excerpts are only presented to save the Committee time; however, the complete tape is available for the Committee on request.

A Salamatoff Seafoods salmon tender - the Sal-Sea Belle - is moving up the Naknek River with a load of salmon on June 28, 1980, while the fishermen's strike is still ongoing. Striking fishermen are trying to prevent the Sal-Sea Belle from reaching a dock where the fish can be off-loaded.

At the same time, fishermen are discussing the possibility of blockading the mouth of the Naknek River (to keep vessel traffic from entering or leaving the river) and patrolling the grounds to keep fishermen from fishing.

PRESENTED BY: JOHN GARNER

Lockman: If they're shooting at him, then its a whole different ball game, OK.

Fisherman #1: For Christ's sake, why in the hell don't they stop this shit? What're you guys doing out there--just... having fun?

Fisherman #2: Fuck you...

Fisherman #3: They sound like a whole bunch of really big men, about four years old.

Fisherman #4: Somebody's going to get....

BREAK

Fisherman #1: He's right in our starboard side--he's right on there, ...'s leading this guy in here.

Fisherman#2: Whats somebody going to do to block them Whalers...get that son of a bitch while they're loading...and ...OK

Fisherman #3: Whats the matter with these damn people, are they all stupid?

Fisherman #4: Think they've just stuck our quotos up there on top this violence...why don't you move your ass--

Fisherman #5: What are you doing to stop that scow before somebody gets hurt--we may have to shcot one of 'em before anybody wises up--

BREAK

Fisherman#1 We want more support, and we want men.

Fisherman #2: What are you talkin' about...
You can see nothing's going down here.

Fisherman #3: ...forced to get a

Fisherman #4: Just watching us play games, they can stop this shit. and they...the god damned anchor before somebody gets killed. Nobody can get a shot of you running up there.

BREAK

Fisherman #1: Shoot 'em!

Fisherman #2: He's got Fish & Game right by his side--

Fisherman #3: God damned boat!

Fisherman #1: Shoot the Fish & Game, shoot 'em!

Fisherman #5: They got bigger guns than you, ya wimp ass suck...

BREAK

Fisherman #1: I feel the, uh- explosive nature, uh, of this whole thing, uh, why is it that...maybe...you didn't close 'em, so that, um, they'd think it's serious...

Lockman: Yeah, roger, that's gotta be my recommendation. I agree it's gone a little too far now, OK.

Fisherman #1: Yeah, I think so, uh, its not enough, uh, not enough boats fishing here to make, uh, any difference in the, uh, escapement, errr, all that kind of stuff, its just too risky; we don't want to see any, anybody go down here.

Lockman: Yeah, um, thats our concern, uh, ya' know, that's why we haven't we haven't taken any action, uh, so far. We've just been sitting here watching people break the law, you know. We're not going to continue to do that. Uh, I'm going to recommend to the State arbitrators that they just shut, close Bristol Bay for the year and everybody can start again next year. OK.

Fisherman #1: Well, maybe thats the way to do it.

Fisherman #2: Don't be ridiculous.
I came to fish.

Lockman: Yeah, I, uh, agree with ya there, uh, I think, uh, thats, uh, pretty extreme measures, too, uh, but we can't, uh, can't go on with this, the fishermen have already lost this battle, uh, they've done more damage to their image in the last 48 hours than they're gonna recover from in the next ten years, OK.

Fisherman #1: Get the Governor to close this whole fishery down before somebodys killed and he's got blood on his hands. This is gettin' out of hand damn quick--

(garble)

Fisherman #2: Sal-Sea Belle over here--close right down on her, Mable B; And I think right now is the time to close the river 'cuz there ain't no one up the river, with fish on board and if we close her right now, we're cool.

BREAK

Fisherman #1: Bunch of us standing around here doing nothing, well the main thing is get on up that, inside the river and block the fucking main entrance.

Fisherman #2: Sal-Sea Belle, did you make it to the docks?

Fisherman #3: ...where is this dock? Is this dock alongside this barge?

Fisherman #2: Roger, the dock alongside the barge.

Fisherman #4: OK, coming now, we're going to put it off the...now.

Fisherman #5: OK, block that barge off and block that dock off. That's what they use for their helicopter launching pad. Just block the dock and block that barge. Don't let them even get close to it.

Fisherman #5: He's way up the other side of the...from Peter Pan.

Fisherman #6: More boats down here.

BREAK

Fisherman #1: beatin' our brains...against the wind... We gotta go out and stop the guys from fishin'. Why stop a 180 foot tender when you can go stop a 32 ft gill netter. Lets use our brains. We've got 50 thousand boats. We patrol the area, that's all we gotta do, is stop ten stinkin' boats from fishin'. We don't stop no 180 ft boat, he'll knock us down like a bowling ball.

Fisherman #2: Not with motars, he won't.

Fisherman #3: heh, heh, heh, bet your ass.

Fisherman #4: Well, we should get together and hold a meeting and decide what we're gonna do -- we'll block the river, stop the guys outside or what are we gonna do, Let's hold a meeting and

Fisherman #5: that's what yesterday's meeting was for...

Fisherman #4: but nobody wants to listen. They've been there all day, Leo. They're seventy strong right at the dock. Listen, let's stop arguing, let's go to the mouth of the river and we'll all tie up and we'll get together and make the plans.

interrupt: we're going to be right here...

Fisherman #4: talk about what to do -- get to the mouth of the river and let's organize...like human beings...and we'll stop this thing. Stop cussing at Alaska packers and stop cussing at everybody else. Let's do this like...and we'll finish this thing. We'll all go to the mouth of the river and we'll have a big party like Jimmy says.

BREAK

Fisherman #1: Yeah, we need more boats.

Fisherman #2: Yeah, these guys from Red Salmon can go up there. Hey, why don't you guys around the Red Salmon area go up in the dock...that boat, isn't at the dock yet.

Fisherman #3: Ain't gonna be able to get in...

Fisherman #4: Listen, Dominic, do you know how many boats are gettin' bumped right now. Do you know how many boats are gettin' bumped?

Fisherman #5: No, I mean, if you got a fucking tender, or any dock or any barge at this present time.

Fisherman #6: He's about 25 feet away and he's bumping our boats! We need more boats! Uh, Dom, we need more boats!

Fisherman...garbled

Fisherman #7: God damn it, lets go, lets get outta here, lets go, we need more boats. Whats the matter with you guys.

BREAK

Fisherman #1: I believe the, uh, skipper of that...an emergency meeting of the Alaska Dept of Fish and Game. Fishermen could be called together, uh, within the... probably and that they could issue an executive order, the fishery would be closed for everyone, until this powder keg is taken care of.

BREAK

Lockman: Yeah, I really don't know whether they can do that or not, but that's what I'm gonna recommend.

Break

Lockman: Just that little group thats all wound up. They pretty well got 88 all to themselves there, this morning, uh. We'll be standing by on 16, OK.

Fisherman #1: Thats a mistake -- when you only say 5%, this whole industry is uptight and you're sitting on a power keg over there. Don't ... don't conceive that idea that there's... only 5% thats running this. This whole industry is uptight. Don't forget that.

Lockman: Well, what is your suggestion, OK.

Fisherman #1: Just what the man said, call the Governor and close this thing down in the interest of life, liberty and the industry

interupt: pursuit of happiness

Fisherman #1: this is gone on. Please stand by your CB radio.

Fisherman #2: We're here to make a living, not please somebody. --- Bear stand by now. The canneries and boats alone deserve the Governor's attention. And our livelihood and our families deserve his consideration also. This is a lifetime industry for many of us. We'd like to see it protected lawfully, legally and we'd like to fish it the same way. And these renegades, when they're fucking the whole industry, its gonna just create a bundle of tension. Somebody or something is gonna burn up or somebody's gonna get killed.